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FINANCIALTIMES

#### World News

### Soviet N-ship stranded by protests at bome ports

merchant ship was stranded at anchor outside Vladivostok to the Soviet Far East after protests prevented it from docking at any of the major ports on the country's Pacific coast. Page 16

**UK** expulsions Britain responded to Iran's break in diplomatic relations with an announcement of plans to expel several Iranian citizens from both Britain and

Hong Kong. Page 9 Lhasa patrois Soldiers and armed police

patrolled Lhasa streets as mar-tial law was imposed in Tibet . to end three days of pro-inde-pendence rioting. Page 7 Afghan siege

The east Afghanistan city of Jalalabad was under heavy attack from Mujahideen guer-rillas who hoped to make it. their capital. Page 7

Tower support Second Democrat said he would vote to confirm John Tower as Defence Secretary. **But Senate Armed Services** Committee chairman Sam Nunn disclosed that Senate investigators were looking into new evidence against Tower.

Recruit arrests Tokyo prosecutors arrested two more people, including a former vice minister of labour, in connection with the

Recruit scandal, Page 7

Solidarity accord Intensive negotiations in Poland between Solidarity and the Waisaw Government pro-duced an understanding that a public accord would be perched together by April 3. Page 2

Australian economy The Australian Government yesterday kept up its campaign to talk confidence into the embattled economy. Page 7

Amazon pressure Amazon countries united ehind Brazil to denounce foreign pressure to save rain for-ests. Page 4

**Action for cities** 

The UK Government is launching a ministerial roadshow to promote inner city policies as a great success. Page 10

Marsoilles challenge Jean Marie Le Pen faced an unprecedented challenge for control of Marseilles from a new left wing hero. Page 2

SA negotiations MR F.W. de Klerk, recently-appointed leader of South Africa's ruling National Party, was involved in negotiations on a compromise giving him sufficient powers to run the country. Page 6

Bhopai storming One hundred victims of the Bhopal gas disaster stormed Union Carbide offices in the Indian capital, destroying the reception area and painting slogans on the walls, witnesses said.

Women's Day in n message marking Interna-tional Women's Day, UN Sec-retary-General Javier Perez de Cuellar eailed for redoubled efforts for women's rights.

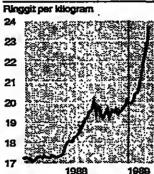
#### Business Summary

### **BR** may need subsidies to build £1.7bn tunnel link

may need UK Government sub sidies for its high-speed rall link to the Channel Tunnel, and route changes could delay completion by four years to the year 2,000. Page 9 THE KUALA LUMPUR tin price yesterday staged the big-gest rise to five years to reach the highest level since the

Malaysian tin price

October 1985 market collapse.



At 23.71 ringgits a kilogram (\$8,565 a tonne) the price was 72 Malaysian cents up on the

GRAND METROPOLITAN. the UK-based drinks and food multinational, is to take over the Greek Metaxa brandy business for an undisclosed sum. Page 17

RASTERN Airlines, the US carrier, may file for bank-rupicy as protection against creditors after a judge said he could not order pilots to cross picket lines. Page 4 **ERITISH COAL Pension Funds** 

are preparing to sell all their US property interests. They are worth around \$1bn. Page

RHONE-POULENC, the French state-controlled chemicals and state-controlled chemicals and drugs group, yesterday announced a 45 per cent rise in 1988 net profits to \$570m, spurred by favourable economic conditions: Page 17 US BUIDGET discussions are heading for stalemate following weeks in which events have overshadowed the debate on how to reduce the Federal deficit. Page 16

HONDA, the Japanese car manufacturer is planning to begin exporting cars from the US to West Europe in 1990.

facturer, has dropped its effort to buy the wire rope division of Bethlehem Steel after objec-tions by the US Federal Trade

Commission. Page 20 DAIMLER-BENZ, West Ger-

many's main car producer, is likely to get \$2.1bn in Govern-ment subsidies for the acquisition of a stake in the Messer-schmitt-Bölkow-Blohm (MBB) aerospace group, Page 16

INDIA has decided to go ahead with its plans to develop and manufacture its own light com-bat sircraft (LCA) to be in ser-vice from 1995. Page 7

PEUGEOT Talbot manual car workers in Coventry, England, have voted to take industrial action over a two-year pay deal. Page 9

PLESSKY, the UK electronics group, said it was "encouraged" by the progress of the EC inquiry into the hostile \$2.9bn consortium bid from GEC of the UK and Siemens of West Germany. Page 24

ELDERS IXI, the Australian brewing and investment group, has gained a banking licence in New Zealand, achieving an ambition there which it has been denied in its home mar-

CHRYSLER, the US automo tive group, and Renault of France are to invest around \$600m in their 50/50 joint venture to produce a small four wheel drive sports/utility vehicle. Page 20

#### MARKETS STERLING



Federal Funds 9%% yield: 8.9% (8.92) Long Bond: 98 2 (973) yield: 9.05% (8.04)

(1.9525) hith Treasury Bills: DM1.8575 (1.9525) hit: 8.9% (8.92) Y128.70 (unchanged) COLD New York latest Comex Apr ctose 13% (13)

New York kinchilmo \$1.71425 (1.7215) 2,309.29 (+18.58) London: \$1.7200 (1.7225) DM3.1950 (3.19) S&P Comp 295.56 (+1.68) FFr10.8500 (10.8425) SFr2.7300 (2.725) FT-SE-100 Y221.26 (221.75) 2083.3 (-0.2) DOLLAR New York km 143.36 (Tues) DM1.8650 (1.85875) FF:6.3260 (6.298) Nikkei Ave SFr1.5930 (1.58425) Y129.20 (128.775) Commerchank

New York lunchlim Dow Jones Ind. Av.

31,837.66 (-100.28) 1647.2 (-19.3)

Off Brent 15-day (Argus) \$18.000 (-0.075) (Mar) West Tex Crude \$18.495 (-0.13) (Apr)

#### Brussels shifts ground for Netherlands' cleaner car By Tim Dickson in Brussels A DRAMATIC shift in the European Community's policy on car pollution was proposed last night when Mr Carlo Ripa di Meana, the Commissioner in

Brussels responsible for the environment, declared his apparently sudden conversion to stricter and more expensive US-style standards. His plea for adoption of US norms came during a full meet-ing of the 17 commissioners. They decided to soften Brus-sels' controversial legal attack on the Netherlands for introducing tax incentives to encour-age the buying of cars which

By Ray Bashford in London

MR ALAN BOND, the Australian businessman, plans to withdraw as a hostile share-holder to Lonrho and sell his

19.8 per cent stake in UK-based international conglomerate.

Bell Resources and Bond

Corporation, companies under Mr Bond's control, said yester-

Mr Bond's control, said yester-day that they wished to dis-pose of the holding of Lourho shares at a minimum of 3850 each, valuing the stake at £365.7m (\$628m).

Samuel Montagu, Mr Bond'a financial adviser, said it wished to dispose of the hold-ing at "the earliest opportunity subject to satisfactory terms."

subject to satisfactory terms.

Mr Bond is attempting to sell the stake in one tranche. How-

ever, it is understood that he

may consider a swap of assets

in return for shares or other alternatives based on a mini-mum price equivalent to 385p a

The decision to sell follows months of speculation that Mr Bond was preparing to make a full bid for the company. Mr Tiny Rowland, the Lourho chief executive, countered by launching a series of strong attacks on the Bond group of commiss.

companies.

The assault began shortly

after Mr Bond started to amass

his stake last September and included the allegation that the

Bond group of companies were

Bond has consistently denied

Following the announcement Mr Paul Spicer, a director of Lonrho, said: "All is fair in love and war and we do not hold anything personal against him (Mr Bond)."

The chara having began

technically insolvent."

meet precisely those standards.
The latest developments, which have potentially major implications for the European motor industry, are a further example of the way in which environmental issues and concerns have shot to the top of

the political agenda.
Officials in Brussels last night conceded that the change in public opinion in member states has played an important part in recent deliberations at the Commission - but few deny that the issue of clean cars had already placed the EC in a complex legal and political

**Bond seeks to sell** 

19.8% hostile stake

in Lonrho for £366m

between Mr Bond and Mr Row-

land last summer. The present

stake was purchased between September and November as

the share price rushed forward amid the bid speculation. Mr Bond paid an average of

300p a share, buying some for as much as 425p. Interest changes on the borrowings

made to cover the purchase, together with associated costs, would lift the price per share

to about 37/p.
The company expects to

incur additional charges asso-ciated with the disposal and

these would lift the cost of the

shares at the time of the exit to about the 385p asking price.

decision to sell the holding

shortly before yesterday's

statement was made but it expressed no immediate inter-est in buying the shares. Mr

Spicer said he was "consider-

ing the situation.".
The Bond statement said

Lourbo was informed of the

The Dutch dispute arose after the Government in the Hague insisted last month on introducing tax incentives for sumers who purchase cars with so-called three-way catalytic converters.

Several member states tably France - complained that this breached the principle of the single European market because the Dutch standards are higher than the common EC-wide car pollution levels provisionally agreed by member states last November. Somewhat reinctantly the

which might be mutually bene-

ficial to Lonrho, its shareholders, Bond Corporation, Bell

Resources and their subsid-

However, it added that "in

view of the response of the Lonrho board, Bond Corpora-tion, Bell Resources and their

subsidiaries no longer consider it likely that any meaningful dialogue is possible."

head of Bond's European operations, said the sale was not a forerunner to the dis-posal of other Bond interests in

Britain, He denied that the

Bond group was a forced seller. "It should to no way be seen as

if we are strapped for cash," he

The group's other principal

investment in Britain is an 11 per cent holding in Allied Lyons. This is worth 2400m,

based on yesterday's market

The Bond companies have

Robert Holi

Mr John Richardson, the

Commission agreed to attack the Dutch measures with all the legal means at its disposal. setting in train a two-pronged approach by launching a pre-liminary investigation under EC state aid rules and separately informing the Netherlands that its national legislation was a distortion of free trade (under Article 30 of the

Rome Treaty).
Yesterday's Commission meeting took the important step of dropping the state alds case - with the significant consequence that a Brussels "injunction" to the Hague not

to implement its incentives is automatically lifted - while continuing to pursue the more leisnrely legal route under Article 30. Mr Martin Bangemann, the

Internal Market Commissioner. told his colleagues that a "rea-soned opinion" would be sent, pointing out why the Dutch were at fault, but it could be 12 to 18 months before the process was concluded in the European

In the meantime, as Mr Ripa Di Meana's new policy commit-temeot made clear, a lot is Continued on Page 16

### **UK** appeals for resolution of Nissan deadlock

By William Dawkins in Brussels

THE BRITISH Government has made a final appeal to the European Commission to resolve the deepening deadlock with France over restrictions on sales of UK-built Nissan

Lord Young, the UK Trade and Industry Secretary, has written to the Brussels execu-tive presenting fresh evidence that the French authorities are impeding the free sale of Bluebird cars exported from the Nissan's new Sunderland plant in the north-east of England. The move marks the collapse of British attempts to ressolve the dispute with Paris bilater-

ally. Nissan'a French distributor has been told that its imports of British-made Bluebirds are being counted against its quota for direct imports from Japan, rather than being admitted freely as European cars, says the letter to Mr Martin Bangemann, the internal market and industry Commissioner.

This puts pressure on the distributor, Richard of Paris, to cut its imports from the UK, which amounted to forced discrimination against an RC product, a practice outlawed by Community free circulation.

The Bond companies have sold large holdings in Britain during the past six months, including stakes in Standard & Chartered, the bank; M&G, the fund management group; Morgan, Grenfell, the merchant bank; and TV-am, the breakfast television company.

These holdings were acquired through the \$A850m (\$708m) takeover of a group of Community free circulation rules, says the letter.

It asks Brussels to "take this issue up with the French authorities as a matter of urgency, with the aim of getting a categorical assertion companies controlled by Mr year in the wake of the Octo-ber 1967 stock markets crash. However, during the same period be has made sizeable investments in the US and sans would be able to be deliv-ered to the French market without restriction and independent of the level of imports from Japan." Hong Kong and Bond Corpora-The French Government tion was left with borrowings of about A\$5bn at the end of

threatened last year to count sales of UK Nissans as part of its unilateral ceiling of 3 per cent of market share for Japa-

The European Commission has cleared the way for the West German Government to provide up to DM3.8bn (\$2.1bn) for the proposed acquisition of a stake to Messerschmitt-Böl-kow-Blohm (MBB) by Daimler-Benz. Page 16

nese cars, on the grounds that they contain well below the 80 per cent of EC-made components which Paris considers the minimum for a European There are no specific EC rules on local content for cars,

though the Commission has applied a 60 per cent limit in an earlier dispute between the UK and Italy.

British officials repeated yesterday that local content was not the central issue and that UK Nissans in any case included more than 70 per cent

Community made parts, due to rise to 80 per cent next year. Commission officials had no comment on their likely next move, though Mr Bangemann has only recently warned that he opposes specific local con-tent rules. The UK is clearly hoping for a stern warning to France, backed by the threat of

Lord Cockfield, the former internal market Commis confirmed to the UK at the end of last year that sales of Blue-France should b allowed to go ahead normally under EC law and that Britain should call on the Commission's help as soon as there was clear evidence that sales were being impeded.

Since then, a number of con-tacts between Paris and Lon-don have failed to bring prog-

### **World Bank** offers some optimism for African economies

D 8523A

By Michael Helman. Africa Editor, in London

SUB-SAHARAN Africa's economic recovery has begun, helped by reforms, international donor support and mea-sures to ease the region's external debt burden, accord-ing to n joint World Bank-United Nations Development Programme report poblished today.

Aithoogh constraints on development remain severe, the report says, the evidence suggests that Africa "can have adjustment with growth" pro-viding that its governments implement reforms and that donors provide additional

If the optimistic picture it paints is borne out, the report vindicates policies drawn up by the Bank itself and the International Monetary Fund, and adopted with varying degrees of enthusiam by more than half the 45 sub-Sabaraa African governments. But the study's generally hopeful tone, as well as some of its specific observations, are at odds with a recent assessment of the region released by the United Nations Economic Commission for Africa.

This report, released in January, concluded: The deterioration in the overall economic situation to Africa has continned noabated la spite of impressive efforts at struc-

tural adjustment."
In contrast to the World Bank-UNDP report, it was critical of what it saw as the fair-nre of donors and lending institutions adequately to sup-port those African govern-ments which are implementing reforms. The Commission's assessment also argued that measures to ease Africa's debt burden had been inadequate.

The World Bank analysis, which focuses on the period 1985-1987, but makes tentative observations about developments last year, develops two themes. The first argues that the African condition is "less dismal than often portrayed. The second compares the record of the countries which have adopted economic adjust-ment programmes endorsed by the World Bank with those

The report calculates that: Excluding countries recently affected by strong external shocks (both positive and negative), annual GDP growth rates in reforming countries accelerated from just over 1 Continued on Page 16

Bankers take heart, Page 6

### that the shares were acquired The share buying began after a series of meetings the board of Lonrho areas December. Background, Page 17 European media owners plan \$1bn entertainment venture

By Alan Friedman in Milan and Raymond Snoddy in London

FOUR of Europe'a most flamboyant media owners are holding talks aimed at joining forces to create an integrated entertainment group with activities ranging from making films and television programmes, to the ownership of manufactions of the force of the content of the nearly 2,000 European cinema

The four are Mr Silvio Ber-insconi, the Italian commercial television owner, Mr Robert Maxwell, the British publish-ing and media proprietor, and Mr Giancarlo Parretti and Mr Elorio Fiorini, two Italian Florio Fiorini, two Italian financiers who together control Cannon, the Hollywood film studio and cinema group and

Pathé Cinema of France.

Mr Fiorini said yesterday
that a letter of intent could be
signed by the end of this
month. Mr Fiorini, a Genevabased financier, said the venture would pool assets worth more than \$10m, including Can-non, Pathe and New World Entertainment, a US produc-tion company being bought by



Murdoch: \$5be acquisition

The talks, which could lead to a significant restructuring of the European reservationing to the European cinema and tele-vision programme industry, come amid signs of concentra-tion of power in the media — the Time/Warner merger in the US and the plans of Mr

Rupert Murdoch, chief execu-tive of News Corporation, the Australian-based international media group, to raise a \$50n acquisition fund partly simed at Europe.

The Paretti-Florini proposal envisages taking, with Mr Berlusconi and Mr Maxwell, a series of 20 per cent equity stakes in a holding vehicle, which would be valued at \$750m and would eventually also include US and French

entrepreneurs. Mr Beriusconi yesterday said he had held exploratory talks with Mr Fiorini about the venture, which could see him con tributing his own chain of 300 cinemas in Italy. Mr Maxwell, who has a stake

in TF-1, the privatised first French television channel, has been looking for some time for ways of expanding his Euro-pean media operations and is particularly keen to strengthen European production as an alternative to quotas on US programme

China determined to keep iron grip on Tibet



17-18 ... 6-7 ... 15

Thirty years ago tomorrow the Dalai Lama (left) was forced to flee his homeland. But the anniversary is unlikely to be marked by demonstrations since China has imposed martial law,

Agriculture
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### EC clears state aid for Daimler takeover of MBB

By William Dawkins in Brussels

THE WEST GERMAN Government yesterday won clearance from the European Commission to provide up to DM3.9bn (£1.2hn) for the proposed acquisition of a stake in the Messerschmitt-Boelkow-Blohm (MBB) aerospace group by Daimler-Benz, the country's main car producer.

This is one of the biggest state subsidies ever to receive the go-ahead from the Brussels authorities and represents the removal of an important potential barrier to what the Commission considers a strategi-cally important takeover for the European aircraft industry.
The plan is also awaiting clearance from West Germany's national cartel office. Brussels has no objection to the bid on cartel grounds, said

Around a third of the total is an exchange risk guarantee, to protect the group against falls in the value of the dollar, the currency in which aircraft are usually priced. The rest is a debt write-off, designed to phase out state subsidies for MBB, the West German partner in the Airbus consortium.

The aid package was demanded by Daimler-Benz as a condition for agreeing to take over MBB, 51 per cent of whose capital is currently in public hands. Daimier will initially

restrict member governments' freedom to subsidise industry, hat there are exceptions for assistance to important projects of common European interest, of which Airbus is a

Brussels was also encouraged by the fact that the take-over would bring private capi-tal – DM1bn – into Deutsche buy 30 per cent of MBB and later increase that stake to more than 50 per cent.

EC competition rules tightly

Airbus for the first time.

The aids were to help 'the restructuring of the West German civil aircraft industry

with the aim of increasing its efficiency and international competitiveness, said a Com-mission statement. Competition would not be distorted because aircraft sales

between member states were limited and did not in case take place in the same market as Airbus.

The Commission yesterday

challenged West German pro-posals to provide low interest credit to help the shipbuilding group, Howaldswerke Deutsche-Werft, provide three con-tainer ships to an Israeli com-

tainer ships to an israeli com-pany.

The proposed assistance is worth 30 per cent of the con-tract price of DM105m per ship, representing a total grant of DM94.5m. West German authorities believe this should qualify as aid for a develop-ment project, but the Commis-sion was warned them that israel is not a developing coun-Israel is not a developing country and that the subsidies should therefore be blocked.

#### New draft constitution for Hungary By Lesile Colitt in

"alien and artificial" Stalinist constitution adopted in 1949. The constitution is to guar-

The constitution is to guarantee a new multi-party system, to be adopted before next year's elections — the first to be contested in 40 years. It is seen by Hungarian opposition groups as a vital test of the Government's attitude towards them.

both to describing nangary as socialist and as a people's republic.

They fear these attributes could be used to prevent non-Communist groups from being accepted as political parties under an election law to be passed next August.

Dr Kulcsar said the new constitution would provide for a "separation of powers". Several opposition organisations claimed this was a mockery, as long as the Communist Party remained a state party, while all Government Ministers were party members.

They noted that a newly established constitutional court would be packed with judges serving life-time terms, who were party members.

who were party members. Mr Geza Kilenyi, Deputy Justice Minister, has indicated

A newly formed Social Democratic Party is regarded by the Communist Party as the most serious potential threat to its future rule.

HUNGARY'S Justice Minister, Dr Kalman Kulesar, paid a unique tribute to the world's "longest lasting" constitution — in the US — as the reformminded Hungarian Communist Government submitted a new draft constitution to Parlia-

ment yesterday.

The new "basic law," criticised by several MPs as being
undemocratic, will replace
what Dr Knicsar called the

Government's attitude towards them.

In a pressible, the draft constitution establishes that Hungary is e free, democratic, and socialist state, which it refers to as a People's Republic. No mention is made of the Communist Party's leading role, which was enshrined in the old constitution.

Opposition groups object both to describing Hungary as socialist and as a people's republic.

that the Communist Party would be guaranteed a major-ity in next year's planned elec-

### West aims to boost military security and confidence measures

By Robert Mauthner in Vienna

THE MAJOR Western countries will today propose wide-ranging measures aimed at dispelling suspicion and mistrust of military capabilities and intentions in Western and The proposals are to be made at a 35-nation conference on Confidence and Security Bullding Measures (CSBMs) being

ing Measures (CSBMs) being held here at the same time as the Conventional Armed Forces in Europe talks, which opened formally last Monday.

The measures to be discussed are intended to achieve greater openness and predictability about military matters so that it will become increasingly difficult to launch large offensive operations and surprise attacks. They will thus complement the force and military equipment reinctions to be negotiated in the CFE forum by the Nato and Warsaw Pact countries only.

The process of establishing Confidence and Security Building Measures among the 35 participating states began with

ing Measures among the 35 participating states began with the signature of the Helsinki Final Act in 1975, which encouraged states to notify each other of, and invite observers to, certain large-scale military activities taking place on land in Europe.

Under the Stockholm Agreement of 1986, commitments

mant of 1986, commitments were assumed by the partici-

pating states, which went well beyond the measures in the Helsinki Final Act.

The agreement provided for 42 days' notice of military exercises and movements involving more than 13,000 troops or 300 tanks; the invitation of observ-ers to all such activities involvers to all such activities involving more than 17,000 troops in land exercises; or 5,000 troops in amphibious exercises; an exchange by e certain date every year of annual forecasts of notifiable activities; and the hanning of all military activities involving more than 75,000 troops, unless they had been included in the annual forecasts.

The implementation of the Stockholm measures has been considered as generally encouraging in the West. The Warsaw Pact has reported between 21 and 25 notifiable activities per year, while Nato has reported 14 to 20 such activities annually. A total of 18 inspections have been conducted.

Today, the Nato countries will be putting forward a programme which builds on the Stockholm foundations, providing for an even more detailed exchange of information and The implementation of the

exchange of information and more intrusiveness into other states' military activities.

The proposals include a more detailed and comprehensive annual exchange of infor-

171.175

Light!

1743

### Ligachev leaves Moscow before key farm meeting

By Quentin Peel in Moscow

MR YEGOR LIGACHEV, the most powerful conservative fig-ure in the Soviet leadership, left Moscow yesterday on a surprise trip to Czechoslo-vakia, only days before a criti-cal Communist party meeting to decide the future of Soviet agriculture His sudden departura

appears extraordinary in the light of obvious divisions in the Soviet leadership on reform of agriculture, the portfolio for which he is now responsible in the party central committee. Last week the politburo failed to finalise proposals for next week's full-scale central committee plenum, and is expected to thrash them out again this week. It would nor-mally meet today.

Mr Ligachev's: position as, its own conservative policies second only to Mr Mikhail Gorffrag the leading Kremlin conbachev in the Soviet leadership: servative, or that Moscow is able, as he has made clear his doubts about the pace and scale of perestroika reforms.

In his most recent speech on

fer sharply with the leading reformers in the polithuro. insisting that stepping np investment, rather than radical changes in land-ownership sys-tem, was the key to reviving the farm sector.

Mr Gorbachev has put far

agriculture he appeared to dif-

more stress on the need for a relatively rapid switch to leasehold property for individuals and groups on the old collec-The official statement from Tass, the Soviet news agency, said that Mr Ligachev's trip to Prague was for a working visit at the invitation of the Czecho-

slovak Communist Party. That could still mean either that the Prague leadership is looking for urgent support in sending the most acceptable emissary to urge the Czech party to move faster. Neither is a particularly satisfactory explanation for the visit.

#### Turkish steel union calls out members By Jim Bodgener in

TURKEY'S steelworkers' union, Celik-Is, has called its 24,000 members in the public sector out on strike on March 22 following the breakdown of wage negotiations earlier this week. This could be the pre-lude to a chain of stomeons in hade to a chain of stoppages in April orchestrated by the main trade union Turk is, which estimates workers' real purchasing power has decreased by about half over the past five

years. The steelworkers' action will come only four days before Turks go to the polls in local elections which could have a decisive influence on the political fortunes of Mr Turgut Ozal. Exports by the iron and steel sector in January-November period totalled \$1.26bn.

#### Strikes may hit **Dutch** national papers tonight By Laura Raun in Amsterdam

STRIKES IN the Dutch printing industry are expected to hit big national daily newspapers tonight and have already affected leading inter-national publications. About 3,000 printers atopped work yesterday, keeping many regional newspapers off the streets.
Printers and employers

Printers and employers appeared farther apart than ever over a benefits package that provoked a breakdown in talks on February 24.

The FNV print union will decide this evening when to walk out at NDU, the Eisevier subsidiary which publishes the quality daily NRC Handels-blad. Union meetings will be held today and tomorrow at the Telegrant, the Netherlands largest circulation daily, and at Perscombinatie, which publishes several national dailies.

The Economist, the weekly British newspaper, is moving its printing back to England this week, and Time, the US weekly magazine, has emerweekly magazine, has emergency plans which it declined to divulge. Both are questioning the long-term future of their printing operations in the Netherlands.

Netherlands.

The printing dispute centres on a benefits package including early retirement, and supplementary disability payments. The two sides have agreed in principle on a large dispute centre. agreed in principle on a 2 per cent wage rise but disagree on the implementation date.

Registered at the post office. Printed by St. Clement's Press for and published by the Francist Times Let, Banker House, Cannon Street, London Ed., Banker House, Cannon Street, London Ed., Banker House, Cannon Street, London Ed., 1987, a The Financial Times Led, 1988, "Reproduction of the contents of the necessary is any souncer is not published," H G

TEESSIDE nuclei Times proposes to publish a Survey on the above on 21st March 1909 For a fall editorial symposis and alvertisament details, place contac Hagh G Westerno Personnel Home, The Handron, Louis LS1 80F. FINANCIAL TIMES

### Poles agree to agree by next month

By Christopher Bobinski recently in Lodz

INTENSIVE horse trading in Poland between the Solidarity movement and the Government has produced an under-standing that a public agree-ment will be patched together by April 3. This is when both sides want to bring down the curtain on their flagging round-table talks which started

on February 6. More than anything else so far, the talks have served to remind Solidarity how deter-mined the authorities still are to preserve the essential out-lines of the traditional system of party and police control over

the country.

Details of the understanding have yet to emerge. But, in addition to grudging official assent to the legalisation of the NZS independent students' union, it seems to include the basic trade-off which enabled the talks to get going in the first place. This comes down to the legalisation of Solidarity in return for the latter agreeing not to oppose party candidates in forthcoming elections and to take the 35 per cent of the seats in Parliament offered by

the authorities.
Solidarity, however, is appalled at the prospect of mounting inflation which threatens to run into treble figures this year, accompanied by continuing pay protests and work stoppages. As a result, it is insisting that a government commitment to wage indexa-tion be included in any deal. Women at one of Poland's oldest and largest textile plants, the Marchlewski works in Lodz, have been on strike for several days in support of higher pay to compensate for rising prices. The stoppage has embarrassed Solidarity

The strike has served to demonstrate that maintaining wage levels is the most potent issua in Poland today. For the women inside the Marchlewski works, which look much as they did when Lodz was a booming textile town in the 1880s selling to the Russian market, the round-table is an

The prospect of becoming embroiled in myriad similar conflicts in the coming months when it wants to concentrate on pushing reforms of the sys-tem is adding urgency to Soli-darity's demand for an auto-matic system which will link wage rises to inflation.

The idea, though, has dismayed some economists who point out that it will fuel inflation; the Government is only willing to consider indexation for minimum incomes, if at all. Mr Wladyslaw Baka, the

Communist party secretary responsible for the economy who is also chairing the eco-nomic talks with Solidarity, vidual incomes might be increased in line with price rises, while the rest would be up for negotiation between

### Municipal elections put old political loyalties to the test in Marseilles

LIKE bouillabaisse, political life in Marseilles has always been a highly flavoured and fishy business. But even by the eccentric standards of this sprawling, noisy city, with its North African casbah, huge concentration of immigrants and the standards of the second described by the concentration of immigrants and the concentration of immigrants and the second described by the concentration of immigrants and the concentrat struggling port, Marseilles has excelled itself.

itself.

Eight months ago, Mr Jean Marie Le
Pen'e National Front seemed set to take
over the city's monumental town hall
overlooking the old port. Campaigning on
familiar anti-immigration themes, Mr Le
Pen won a staggering 28 per cent of
the vote in the first round of last
year's presidential elections in
Marseilles, coming ahead of all the other
candidates

Marseilles, coming ahead of all the other candidates.

Today, his party appears to be languishing and the temperamental and impulsive Mediterranean city seems to have turned its back, for the time being, on the bombastic far-right leader.

The city'e new hero is a 63-year-old Socialist surgeon, Mr Robert Vigouroux, who has succeeded in causing unusual pandemonium in the Socialist party.

pandemonium in the Socialist party.

After the death in 1986 of Mr Gaston Defferre, the Socialist haron who ruled over Marseilles for 33 years, Mr Vigouroux

A HUGE nuclear-powered

Soviet merchant ship is stranded at anchor outside the

port of Vladivostok, in the Soviet Far East, after unprece-dented popular protests have hanned it from docking at any

of the major ports on the country's Pacific coast.

The pride of the Soviet merchant fleet, the Seymorput, a 61,000-tonne Lash (lighter-aboard-ship) carrier, is wallow-

ing in a force seven gale because of environmental fears

over the danger posed by its nuclear reactor, according to Soviet press reports.

including Vladivostok itself, headquarters of the Soviet

Pacific fleet, and neighbouring

Nakhodka, Vostochny, Maga-dan and Petropavlovsk-Kam-chatsky, have been backed by their local councils in refusing to unload the giant lighter-car-

Workers in a string of ports,

**Protesters bar Soviet** 

nuclear ship from ports

took over the town as a transitional mayor. But the good doctor, as he is locally known, soon developed a taste for high office and to the dismay of his own party decided to run for re-election this

He now has a strong chance of being re-elected in this month's municipal elections. His independent list heads all the public opinion polls, although he himself is still not sure of securing the necessary

is still not sure of securing the necessary majority of local districts to win in next Sunday's first round ballot.

He is directly challenging the official Socialist candidate, Mr Michel Pezet, a lawyer and professional politician whose popularity has been plunging in the face of Mr Vigouroux's quixotic challenge.

The decision of the Socialist Party to expel Mr Vigouroux has made him all the more popular. Moreover, he has secured more popular. Moreover, he has secured the support of Mr Bernard Tapie, president of the local football club and a financier

who has made a fortune from taking over bankrupt companies. President François Mitterrand, too, appears to have given Mr Vigouroux his benediction, despite the mayor's excom-munication from the Socialists.

jolted Mr Jean-Claude Gaudin, the centrist UDF candidate who is leading the joint UDF and Gaullist RPR list in the city. Mr Gaudin, the head of the UDF group at the National Assembly in Parls who speaks with a colourful Provençal accent, has long campaigned to get his hands on the town hall.

With the local Socialists fighting their family feud and the National Front in disarray, he felt his chance had come. But in recent weeks, he seems to have become

A victory next Sunday for Mr Vigouroux could provide a telling political lesson on a broader national level. It would help confirm the growing disillusionment of French voters with professional politicians and the traditional parties. On the other hand, however, the Byzantine politics of Marseilles may probably always remain a special case in France.

That is if the city'e peculiar, undisci-plined political system does not slowly spread north to other parts of the country. "If France were to return to a Fourth Republic style of politics, Marseilles could clearly lead the way," remarked a long-



The Greek Prime Minister, Mr Andreas Papandreon, pictured above with his companion Ms Dimitra Liani, said yesterday that he would sue Time magazine over an interview with Mr George Koskotas, the fugitive banker in custody in the US. In the interview, Mr Koskotas alleged that millions of dollars in misap-propriated funds had been channelled to top officials in Greece's railing Socialist party.

### the ship, according to Soviet-skaya Rossiya, the Communist Party newspaper in the Rus-sian federation. rier at the end of its maiden voyage from the Black Sea. Described by the Soviet Minister says W Germany must stem foreign influx

By David Goodhart in Bonn

MORE THAN half a million people will settle permanently in West Germany this year despite growing public anxiety about the influx of foreigners, according to Mr Friedrich Zimmermann, the Interior Minister. Speaking at a press dinner, he said the only way to halt a rising tide of hostility to for-

South America will henceforth will also be required of Yugo-

slavs, despite protests from the Beigrade Government.
In 1988, West Germany received about 340,000 new immigrants. About 200,000 were Aussiedler — ethnic Germans from the East bloc, 40,000 East Germans, and 103,000 asylum-seekers. The Government is legally and emotionally committed to keeping the door open to the ethnic Germans, but wants to prevent the wide-spread abuse of the liberal asylum laws. slavs, despite protests from the

refused to let it dock until they receive "extra information

about the radiation safety of

to handle it.

says that only 10 per cent of last year's asylum-seekers were genuinely fleeing political per-

secution. The rest were escap-ing depressed economic condi-tions, which is not grounds for asylum, but, once asylum-seek-Germans will rise to \$50,000. asylum, but, once asylum-seekers have entered the country, it is difficult to expel them. About 50 per cent of all asyium-seekers last year came from Poland and Yugoslavia,

only a limited effect in control-ling asylum abuse, and would not be introduced soon enough

Why British diplomacy cuts a poor figure in Iran's holy war

The issue of abuse of asylum regulations has been simmer-ing for some years, but has become more heated following the new inflow of Aussieller, who have complete freedom to

Democrats, were equally A different perspective on the immigrant question comes

a government with the Social

in a report drawn up for the Chancellor's Office by Profes-sor Bert Rüerup. He argues that West Germany should recognise that it has long been city. Mr Zimmermann said that the Republicans and the Berlin Greens, who are about to form per cent) lived in the country.

#### and, according to the Interior Ministry, only 27 per cent of Poles and 0.2 per cent of Yugo-slavs were real political refueigners was to restrict the flow, especially of illegal asychoose where they live in West an immigrant country and, Germany. Their relative concentration in West Berlin is one reason for the success of the zenohas heen more conducive to the idea, suggesting at ons with a declining indigenous population, will become even more so. He estimates that by the year 2030 nearly 20 per cent The Boon cabinet yesterday point that two-thirds of indiannounced that visitors from Mr Zimmermann admitted Mr Zimmermann's ministry 14 countries in Africa, Asia and phobic Republican Party in the of the population will be nonthat visa controls would have

Ian Davidson argues that it is Britain which should have severed diplomatic relations rather than attempt conciliation

HREE weeks have now passed since Ayatollah Ruhollah Khomeini issued a religious edict calling for the death of Mr Salman Rushdie, author of The Satanic Verses, and a peaceful settle-ment of this appalling affair appears as far away as ever. Iran has now broken off dip-lomatic relations with Britain, and is attempting to whip np support for its holy war from other Islamic states at the forthcoming conference in Riyadh. Moderate Arab states will probably turn a deaf ear to the Iranian campaign; but whatever the immediate diplomatic outcome, there can be no doubt that the Iranian threat to Mr Rushdie's life remains as

serious as ever. In the circumstances, one can only be dismayed at the figure cut by the British Government in its response to Iran's monstrous attempt to defy the rule of law in Britain. It is Iran which has broken off relations with Britain; and yet Britain is being threatened by what amounts to a declaration of terrorism, and in logic it ought to have been Britain Hitler's Germany. We don't

lengths to avert such a diplo-matic rupture. Mrs Thatcher and Sir Geoffrey Howe both attempted to appease the Iranians hy issuing their own criticisms of the Rushdie book. Yet it must surely have been obvinot do or say anything which would be consistent with British law and would also satisfy the Iranians. Mealy-mouthed expressions of distaste for The Satanic Verses merely served to make the Government look

obsequious and cringing.
When Sir Geoffrey Howe said on the radio: "Wa understand that the book itself has been found deeply offensive by people of the Moslem faith", he was making an observation which was entirely otiose. He made matters much worse when he went on to say: "The British Government, the British people, don't have any affection for the book, which is

which hroke off diplomatic relations.

Moreover, the British government went to demeaning the moslem faith like the attacks on their faith contained in the book. The implications of these words are unmistakable and

words are unmistakable and alarming: in the hope of avoiding a break in diplomatic relations, the British Government was fully prepared to adopt the posture of an equally injured party, even if it meant endorsing (in modified terms) the Ayatollah's attack on The Satanic Verses. If Mr Rushdie felt he was in danger of being dumped by the British Government, he may have had good

Whether Sir Geoffrey or Mrs Thatcher thinks The Satanic Verses is a nice book or a nasty book, whether they believe it is offensive to Moslems, or whether they consider it is unfair to the British peo-ple, are entirely irrels vant questions. In any case, they are wholly unqualified, in their capacity as elected politicians, to have a useful opinion on any of these subordinate

immediately relevant are whether Mr Rushdie was legally entitled under British law to write and publish his book, and whether Ayatollah Khomeini is entitled to incise the murder of Mr Rushdie. However, has remained firm on the ever, has remained firm on the point that incitement to murder is a criminal offence and should be prosecuted. No doubt it will be argued that in a longer perspective, the British Government the British Government IAN DAVIDSON

believes that the answers to these two questions are, respectively, Yes and No, it should have stock to these two ssential principles.
At the beginning, Mrs Thatcher may have meant to echo that famous quotation of

ON EUROPE

Voltaire: "I disapprove of what you say, but I will defend to the death your right to say it." By last weekend, however, such a simple principle had been muddled by political calin their lapse of courage and consistency, Mrs Thatcher and Sir Geoffrey were not alone, In France, Mr Jacques Chirac, the Under the Iranian gun, the former prime minister, also only questions which are criticised Mr Rushdie's book.

more complex considerations should come into play. Britain, like France, has a large, settled Moslem community, many of whom are or will be voters and taxpayers. Political leaders have, therefore, a real duty to take account of their cultural and religious sensibilities, especially if they accept the reality of a multi-cultural society. If enraged Catholics are entitled to demonstrate against Martin Scorsese's film The Last Temptation of Christ, surely Moslems are equally entitled to demonstrate against The Satanic Verses.

These considerations have their weight, but they remain irrelevant to the problem posed by Ayatollah Khomeini's call to murder. Moslems in Britsin or France may be entitled to their own distinct cultural and religious identity; but only within the limitations permit-ted by the law. Those limitations are directly challenged by the terrorist threat issued by In a narrow sense, it ought

to be possible for the British police to fend off that challenge by guarding the life of Mr Rushdie, Yet it is hard to Mr Kushine, Yet it is nard to believe that such a response is sufficient. Insofar as the Aya-tollah'e threat is partly symp-tomatic of an internal power struggle in Iran, there may be grounds for hoping that in time it will be lifted. But if the threat were to remain in force over the longer term, Mr Rushdie's rights would not be satisfactorily protected by the con-stant presence of police bodyguarda. The Rushdie affair under-

lines two major questions fac-ing the countries of the European Community. The first is, how will they maintain security against external threats at a time when their internal frontiers are progressively dis-mantled as part of the Single Market. The second is, how serious will be the tension between the ideal of a tolerant, multi-cultural society and the intolerance of religious funda-

mentalism?

The first question is manifestly easier than the second and is already being addressed in negotiations between the member states; despite ideological differences between member states on the periphery of the Community and those in the centre, the European Commission hopes for early progress on common rules governing asylum, extradition and visas. Yet the second question is more fundamental, even if it is not susceptible to any answer

which is simple or sure. Mr Jean-Marie Le Pen, leader of the extreme right-wing Front National, has selzed on the Rushdie affair in the run-up to Sunday's French municipal elections as a justification for his anti-immigrant policies. Mr Le Pen's views are scandalous and outrageous; his nostrums would be unworkable.

It cannot be denied that Khomeini's fatua raises profound questions about Europe's social values and the incompat-ibility between those values and the most extreme forms of religious fundamentalism.

Japanese whisky

SKADAL WARCH

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att - ti publications

rinters store

importers told to cut prices further WHISKY importers in Japan have been rebuked for planthe new regime has revealed that the prices of most of the

ning not to pass on to consum-ers all the substantial reduc-tions in taxes on spirits that will come into effect next

Japan's National Tax Admin-istration Agency this week asked leading importers "to make efforts" to reduce their prices further from April 1. That is Japanese official shorthand for a Government order, and it comes at an awk-ward time. After 18 years' lob-bying by the UK and other for-eign governments, the Japanese Government finally agreed last year to reform its

agreed last year to reform its drinks tax system which has discriminated against imports. In anticipation of the changes, importers have been working feverishly for months on how best to market their brands, including setting pricing and premotion strategies. ing and promotion strategies.

Now, with only three weeks to go, these plans could, in some cases, be undermined by the

tax agency's demands. According to the tax agency, the net effect of the reduction of special tames on spirits and the introduction of a 3 per cent value added tax on April 1 should be a reduction of up to nearly Y800 on a 750ml bottle of imported whisky.

However, an inquiry into importers' pricing plans under

leading brands will go down by less than the amount of the tax reduction.

For example, the tax on a bottle of Bell's is set to drop by Y688, but the importers plan to maintain the selling price unchanged at Y3,200. The tax on a bottle of Chivas Regal is dropping by Y548 but the selling price is coming down only Y500 to Y8.000.

On the other hand, in a few cases, the planned price cuts are considerably greater than the tax reductions. For example, the price of Johnnie Walker Black Label is set to drop by Y2,000 to Y6,000 even though the tax on it is coming down by only Y607.

One leading importer said yesterday that pricing policy was none of the tax agency's business. Another said that the tax cuts were not being passed on entirely because the company needed the money to support planned hig increases in advertising spending.

A tax agency official said esterday: "Of course, we do yesterday: "Of course, we do not care if the companies make more profit or lose business. However, if they do not cut their prices sufficiently, that is equivalent to raising prices and that is subject to guid-ance".

#### Hungary may reform its trade with Moscow

By Lestie Colitt in

HUNGARY is considering a radical reform of its stagnating barter-like trade with the Soviet Union by conducting non-military trade with Moscow in hard currency.

Dr Istvan Degen, a spokes-man of the Hungarian Communist Party, said Hungary's eco-nomic relations with its partners in Comecon, the Soviet-led trading bloc, must be based on "self-interest and not on ideological questions or

friendship".

His proposal for placing
Hungarian-Soviet trade oo a hard-currency basis follows another Hungarian blast at Comecon, which was meeting in special session this week in Prague to discuss integration

and a "common market".

Mr Matyas Szurös, a Central
Committee Secretary, said
Hungary'e ties with Comecon
only preserved the nation's
"backward economic struc-He told a session of the Central Committee it was in Hungary's basic interest to imple-

His remarks reflected grow ing Hungarian frustration with the lack of reforms in the organisation.

ment radical reforms within

### Honda takes fresh aim at Europe Kevin Done reports on plans for the Japanese car maker to export cars from the US ONDA, the Japanese car maker, is planning to begin exporting cars

from the US to West Europe in 1990. The move beralds a new offensive on the European car

market by Japanese car makers, who are constrained by quotas on direct imports from Japan in several key Europes car markets, most importantly France, Italy and Spain. The European car industry is facing a two-pronged attack from Japanese car makers in

the 1990s, as Japanese aotomotive groups build new vehicle assembly plants within Europe Toyota is seeking a site in the UK - and seek to export to Europe from new assembly capacity receotly built in North America. The Japanese motor industry

offensive is one of the most sensitive trade issues facing the European Community in the 1990s, as some countries —
most importantly France and
ltaly — seek to continue protection of the European market with import quotas and strict rules on local content. in Geneve oo Tuesday both Honda and Mazda of Japan said that plans for assembly

operations in Europe were under consideration. At the same time Mr Robert Eaton, president of General Motors Europe which controls close to 11 per cent of the Euro-

Opel/Vauxball operations, warned that the Japanese could capture op to 25 per cent of the European market by the mid-1990s compared with 11 per cent at present.

Mr Takeo Okusa, general manager of Honda Motor's sales division responsible for Europe, said that Hooda planned to begin exporting 10-20,000 cars a year from the

US to West Europe in 1990. It is planning to sell the US-produced Honda Accord Coupe in Europe, which is produced exclusively at its Marysville, Ohio assembly plant. It already exports the same car to Japan from the US.

By the early 1990s Japanese vehicle makers will have estab-

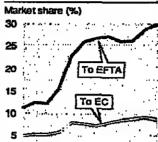
lisbed a capacity in North America for producing around 2.5m vehicles a year, and it has long been expected that part of that output would be directed

that output would be directed at the European market.
Honda is already aiming to increase its presence in Europe later this year, when production begins at the Rover Group's Longbridge, Birmingham assembly plant in the UK of its new Honda Concerto.
The car has been developed as part of its collaborative venture with Austin Rover which ture with Austin Rover, which will also launch in the autumn its owo version of the car,

code-named the R8.
Mr Okusa said that production of the Concerto in the UK would total 20-30,000 in the first year, rising eventually to

Around 10,000 or a quarter of the total would be aimed at the UK, but Honda was aiming to sell some 20,000 units a year in France, Italy, Spain and Portu-gal, the four countries which

Japanese car exports



1976 78 80 82 84 86 Source: Economist Intelligence Unit have the most restrictive quotas on direct imports from

Honda sold close to 150,000 cars in West Europe last year in line with the quota agreed by Japan with the European

Mr Okusa said as a result of the quota Honda was seeking to npgrade its model line-up in Europe to higher value sporty and luxury cars, while drop-ping economy versions in each

model segment. Honda is already building a \$45m, 70,000 units a year engine plant in the UK, to supply engines for its UK-built Concerto and some Rover R8 models. Production begins in the early summer.
Mr Okusa said that a car

assembly plant in Europe was now "the big question mark". "We have not concluded yet how to proceed in the future. Basically we wish to have assembly io Europe, but we have to see whether it is really

economically viable." Such an assembly plant would be in addition to planned production at Rover's Longbridge plant.
It has loog been expected

that Honda would use its pro-duction agreement with Rover - together with imports from the US - to build its European distribution network, prior to building its own European assembly plaot. It already owns a large site at Swindon in the UK, the location of its

engine plant. Mr Norimasa Furuta, president of Mazda, said the com-pany had not yet decided what strategy to adopt in Europe. "If we decide for production in the European Community,

we will not be able to come by ourselves. It is more natural to join forces with someone else." Ford of the US, the world's second largest automotive

group which controls around 12 per cent of the European new car market, owns a stake of close to 25 per cent in Mazda, but Mr Furuta said: "We are looking at the possibility of working with other com-

panies, not only Ford."
Mazda was approached last
August by Enasa, the Spanish commercial vehicle maker, for a joint venture in Spain, but contacts were "at a very preliminary stage", said Mr Furuta, Equally talks with Saab of Sweden for the Swed-

ish group to use some Mazda technology bad "not shown mucb progress", he said. Mr Robert Eaton, GM Europe president, said that "import quotas are on long-term solutioo to the competitive chal-lenge" facing Europe from Japanese car makers.

He warned, bowever, that "Europe would hardly be in a position to fully open its borders to imports from the Far East without considering the many years and decades in which the Far East without considering the many years and decades in which the Japanese market was totally blocked at the expense of European manufac-

"I suspect that if we don't react laster than the US, by 1996 there is no reason the Japper cent of this market. Europe must make progress at a considerably faster rate than in

### ECGD to retain short-term cover for exports to Iran

By Peter Montagnon, World Trade Editor

**THE Export Credits Guarantee** Department said yesterday it is to remain open for short-term cover on British exports to Iran despite the total severance of diplomatic relations between the two countries this week.

ECGD has been open for short-term cover on Iran since 1982 and an official yesterday described it as a "fairly busy, regular market". However, the department will continue to require export-

ers to produce an irrevocable letter of credit as one condition for obtaining cover. Credit periods are limited to a maxi-mum of 24 months including a 12 months pre-credit period between the placing of an order and actual shipment. The decision in remain open for Iranian short-term cover-reflects ECGD's long-estab-

lished practice of judging mar-kets in terms of economic risk rather than on the basis of the tions. Underlying this is also a firm UK government belief that trade embargoes do not Following the cessation of hostilities in the Gulf war,

ECGD received an upsurge of inquiries from exporters hop-

tion orders and was for a time considering restoring medium-term export credit cover. Unusually for ECGD, this

ing to benefit from reconstruc

debate was caught up in poli-tics, specifically the desire not to make any concessions to Iran until the problem of UK hostages held in Tehran and Beirut was resolved.

Given the clash between the two countries over the death threat to Mr Salman Rushdie, author of The Satanic Verses, the chances of medium-term cover being restored are now regarded as remote.

Separately, ECGD also remains cautious about the possibility of restoring medi-um-term cover to Nigeria, fol-lowing that country's rescheduling agreement with official creditors reached in Paris last weekend. Officials declined to

be drawn into speculation. This means that a question £200m trade credit line arranged for Nigeria by Bar-clays Bank in 1987 when cover was expected to be restored quickly. This line has never been activated, although Nigerla would like to have access to it.

#### Japan micro-disk. venture in US import barriers

FUJI Photo Film, Japan's top photographic film maker, amounced yesterday that its US subsidiary will establish a joint venture with BASF to produce floopy disks in the US for the North American market, AP reports from Tokyo.

The equally-owned partner-ship company, B and F Microd-isks, will build a \$48m (£26.6m) facility in Bedford, Massachu-setts, and start making 3.5 inch micro floppy disks for use in personal computers this

autumn, creating 230 new Jobs.
The facility, capable of producing some 7m disks a month, will be one of the largest of its kind in the world, according to company officials. Some 90m disks to be manufactured in Bedford will be marketed independently by each company in equal shares.

### S Korea relaxes

SOUTH Korea has lifted import barriers on 261 products to help reduce its trade surplus with the US and other major trading partners, officials said yesterday, Reuter reports from Sepul.

"This is a follow-up step to market-opening measures agreed by economic ministars last month," a trade ministry official said.

The ministers, fearing Washington might choose Seoul as an early target of tough new US trade legislation, had agreed to remove non-tariff import barriers on 124 items to help slash the trade surplus. Yesterday'e announcement more than doubled the number of products affected.

The items include 194 raw materials used in pharmaceuti-

### Italian machine tools 'overtake US in sales'

By Alan Friedman in Milan

THE Italian machine tools industry vesterday claimed to have overtaken the US in terms of total sales for 1968, thus moving up from the fifth to fourth spot in world rank-

UCIMU, the Milan-based association of Italian machine tools and fierible manufactur-ing system (FMS) producers, said that 1988 sales increased by 26.5 per cent to L4,010hm

Italy's exports of machine tools and related systems also showed healthy growth last year, with a 27.3 per cent rise to L1.840hn. UCIMU said that after taking account of infla-tion the figure for export growth was 22.7 per cent higher in real terms. Mr Piero Ruffini, director-

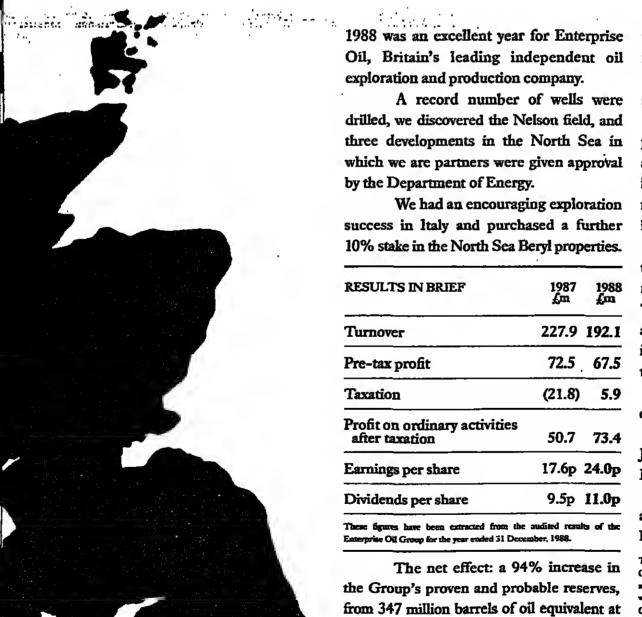
eneral of UCIMU, said domestic sales by Italian machine tool makers had been helped by a substantially higher level of capital investment in certain industrial sectors.

Commenting on the strong export performance, Mr Ruffini said that aside from buoyant demand from clients in Italy's traditionally important export markets such as France, West Germany and the Soviet Union, there had been an improvement in the manner in which Italian companies cooperate in organising and sell-

ing abroad". Import demand was also strong last year, with a 31.6 per cent increase to L1,015bn (25.6 per cent in real terms), but Italian machine tools makers still achieved an overall L825bn trade surplus in the sector, a 224 per cent rise in nominal terms and 16.8 per cent in real

in total sales, italy says it now ranks fourth below Japan, West Germany and the Soviet Union, and, for the first time, ahead of the US. As machine tool exporters, Italians say they are behind West Germany, Japan and Switzerland.

## 1988 RESULTS



the beginning of 1988 to 673 million barrels at the year end.

Financially, the picture was also

Despite a weaker oil price, higher production, proceeds from asset disposals and a tax credit all contributed to a 45% increase in after-tax profit, from £50.7 million to £73.4 million. Earnings per share increased by 36%.

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#### **AMERICAN NEWS**

### **Eastern Airlines** pilots braced for bankruptcy

PILOTS at Eastern Airlines, who have virtually shut down the troubled US carrier by refusing to cross picket lines set up hy striking ground crew, were yesterday preparing for management to place the airline in bankruptcy.

"We knew we were laying our jobs on the line," said Cap-tain Gordon Lane, spokesman for the union representing 3,600 pilots at Eastern. "Our lawyers bave a strategy planned. It's a disaster, but it's not the end of the world for

Industry executives said yes-terday that the future of East-ern, which has suffered a flood of losses since the strike began on Saturday, now hangs on an appeal by the airline against Tuesday's court ruling permitting the pilots to stay out.

A federal court in Miami
rejected Eastern's argument that the pilots were staging an

illegal strike.

The chaos at Eastern began on Saturday morning when 8,500 baggage handlers and mechanics walked out in pro-

they accept pay cuts.

If Eastern's appeal fails, the industry expects Mr Frank Lorenzo, chairman of Eastern's Texas Air parent group, to liq-uidate the company through outright sale or dismemberment to bankruptcy. Analysts beliave that Eastern's assets could cover its \$2.5bn in debts and leave Texas Air without financial loss from its frustrating three-year ownership of the

Analysts say ontright sale would be difficult. "He has got to have been talking to a buyer already on this," said Mr George James, a Washington-based airline consultant. "Costs are running so high that there just isn't enough time for a guy to soend a time for a guy to spend a month looking over Eastern and talking to the unions about concessions. Still, Frank is a planner and he's smart enough to have thought about this a month ago."

The unions are also pushing for the sale of the airline.

### Treating television viewers to prime time trash

The US TV industry is caught in a competitive spiral of its own making, reports Jessica Josephson

HERE is no shortage of competition in the US television industry. But it is caught in a competitive spiral which seems only to head downwards in the desper-ate search for hit shows and

advertising revenue.

The pie may be growing larger but, the industry is in turmoil. The result is stagnant programming and falling standards. "No one in the industry is addressing the real problem that's competition. The net-works aren't doing anything, and I don't see shock television as an answer. How can you programme to top outrageous programmes? It doesn't make sense," Mr Neil Kuvin, president and general manager of the CBS affiliate in Louisville, Kentucky, said at the annual meeting of the National Associ-ation of Television Programme

Brecutives.

Mr Michael Eisner, chairman and chief executive of Walt and chief executive of wait Disnsy, decried the trend towards "trash", "tabloid" or "confrontational" television. The US TV industry must aim for the best achievable programming rather than the formula of least objectionable programming which he suggested was in operation today. He predicted that trash television was a fad which

would turn away audiences.

The emergence of shock value, trash television in network and local TV in the past two years can be seen as a direct result of competition from cable, VCRs and the emerging pay-per-view industry. In 1979, most US television households watched the three networks and a few local inde-

pendent stations.

The percentage watching in evening prima time was 91 percent or 69.4m television house. holds, according to a study for Blair Television. The statistics tell a different

the statistics ten a unterest story today. A syndication executive told the recent Hous-ton convention that network share was down to 68 per cent of all households, and that it was predicted to drop further to 50 per cent. Mr Kuvin echoed the concern of the industry as a whole. Competition from basic and pay cable has grown stronger in recent years, after a slumn in 1984

mp in 1984. slump in 1984.

New services are coming on line. Last antumn Mr Ted Turner bought the US TNT (and may bring it to Europe)

a movie channel showing all vintage films. HBO has recently announced that it will be introducing a new counsely be introducing a new comedy and music channel.

enough economic clont to make programmes for their own stations. Mr Hal Vogel, senior vice president of Merrill Lynch covering the media, believes that by 1990 pay-perview will become a substantial and successful competitor in

and successful competitor in an already crowded arena. The industry is in turmoll. The stations are looking for the next hit show to increase the ratings and pull in more advartising dollars, whila watching the growth of advertising on cable – worth \$1.8bm last year – and the growth of barter (where syndicators make their money by selling a show for advertising time). The syndicators are pouring more money into promotion more money into promotion and station support. The sale of Cosby into syndication gar-nered the show more than

\$800m according to some

reports, and Viacom spent over \$10m on its promotion. The mood of the convention was grim. This is the industry's grand bazaar where individual stations buy next year's non-network programmes. The networks – ABC, CBS, NBC – supply free programmes to about 630 affilitated stations, while the other 330 independent while the other 330 indepen-dent, non affiliated stations,

must bny their own pro-

The station groups have grammes outright from syndicators - programme producers and distributors for cash, or in a barter transaction. But business was slow this year.
"We can't afford to take a

gamble on new programmes. They have to be a sure thing They have to be a sure thing for us to move anything off our schedule today" said one station manager. "I have an open mind but a closed schedule." Herein lies the problem. Massive deregulation in the early 1980s brought over 250 new independent stations on line and Wall Street fell for them. The TV station business had always been profitable; during The TV station business nan always been profitable; during the early 1980s some major market affiliates were showing profit margins of up to 70 per cent pretax profit. As supply began to exceed damand, the predictions of endless profit

growth came unstuck. Some of the more highly leveraged properties went under. yndication, which had been a high growth business also felt the pinch. But the giants - companies such as King World (syndicators of Wheel of Fortune), Paramount TV, MCA TV, Viacom, Calenthic Biotress Tolerasion Columbia Pictures Television all survived

When the smoke cleared, stations around the country were left with overstocked invento-

ries and schedules with no space for new programmes; a flat advertising marketplace and no "breakthrough" programme ideas.

This year's network performance presages a problem in the syndication marketplace for some time to come Marketplace.

for some time to come. Mr Mel Biumenthal, senior vice presi-dent of MTM, one of the smaller programme producers and distributors, said he had no major plans for syndication. The network shows are defi-cit financed – the network pays 80-90 per cent of the cost of the show as a licence fee to the producer for a set period – the producers must finance the remaining portion either the remaining portion either by syndication sales, foreign, cable or ancillary sales, after the network run. For these sales to cover the production costs, there must be enough shows to make it attractive in a syndication marketplace. Thirteen shows of a mar-cinal product is not enough.

ginal product is not enough. Mr Blumenthal indicated that two pilot shows had been ordered for possible inclusion in the network's autumn schedules. But hundreds of the pilot shows produced never make it to the air.

Responses from the industry to these problems have been varied. Verticle integration is

one. Paramount has just bought a station group which had been taken over by Solo-mon Brother. The Tribune Company (station owners) are programming and syndicting and Disney has bought a televi-

sion station.

Companies have dropped out, merged with their larger brethren. Recently three weak independent stations merged to form one strong one. larger bretrien. Recently three weak independent stations merged to form one strong one. The industry's problems have been caused by an embarrassment of riches. Although advertising revenue growth has slowed down, advertisers still see television as the most effective medium for reaching people; but their options are widening – national, local, highly targeted cable.

More viewer choice and more distributor choice are forcing the industry through a troubled period of adjustment.

"People want choices", said Jim Coppersmith, vice president and general manager of WCVB, an ABC Hearst affiliate in Boston. "The station business once the shakeout is over will be fine. But fragmentation and competition will continue – and he who has the best pro-

ers."

er

### Senior Argentine general sent into retirement

By Gary Mead in Buenos Aires

Heriberto Justo Auel, the sixth-ranking general in the Argentine army, has been forcibly retired on the command of Gen Francisco Gassino, the army chief of staff.

Gen Anel, who at 57 is a leading military strategist, was placed on the availability list by Gen Dante Caridi, the for-mer chief of staff, in January 1987, after a rebellion led by Col Aldo Rico.

It was suggested then that General Auel sympathised, with the aims of Colonel Rico, though no formal case has been made against him. Any officer thus relieved from active duties is automatically retired after one year.

Under the most recent army insurgency led by Col Mohamed Ali Seineldin, at the beginning of December, one of the rebels' key demands was the removal of Gen Caridi, who resigned on December 23. A further demand was the rein-statement of rebel officers and

sympathisers. Army rebel leaders are believed to be concerned that Gen Gassino is continuing Gen Caridi's policy of removing offi-cers suspected of being more loyal to the army than to the

The austral reached a record on the black market yesterday of 40 for one US dollar, compared with 18 st the beginning of February.

### Amazon 'needs foreign funds'

By Ivo Dawnay in Manaus

FOREIGN funds are essential to back up the Brazilian government's drive to cons the threatened Amazon rain forest, Mr Amazonino Mendes, the Amazonas State governor,

said yesterday. Mr Mendes, who has been bosting a two-day debate on the federal government's new ecology policy, also accepted that foreign funding would imply a degree of foreign monitoring.
On Tuesday, senior govern-ment officials unveiled sub-stantial conservation legisla-

tion, restrictions and controls on forest exploitation and research into rational development for the 514m sq km region. The measures – dubbed "Our Nature" – appeared designed to head off

growing international and domestic criticism over the destruction of Amazonia But no details were given as to how the conservation proposals would be funded.

The administration of President José Sarney is wary of ontside financial assistance precisely because the international community is likely to demand a monitoring role. The federal authorities have repeatedly ruled out any overseas interference in the region's

These conflicting views emerged during the meeting attended by eight state governors and a group of foreign journalists especially flown in.
"There is no money. The country is literally without any resources," Mr Mendes said. "It

is only normal that those who give the money should have the right to monitor how it is spent in the same way as the World Bank looks after its

The governor also risked the wrath of Brasilia by agreeing that pressure from abroad had played a big role in awakening sufficient concern about defor-estation to bring about the

two-day meeting.

Moreover, he revealed that state governors have long been angry at the alleged failure of the federal authorities to consult them on what measures should be taken.

State governments have until April to draw up their conclusions on the programme for submission to Brasilia before a plan is concluded.

Japanese electronics threatens the American way

Nineteen US com

#### Antigua goes to polls today

THE control of the government of Antigua by one family for nearly four decades will be challenged in a general elec-tion today, reports Canute James in Kingston.

Mr Vare Bird, Snr, Prime Minister and leader of the Antigua Labour Party, has said he is confident of retaining control of the government. The ALP, which had 16 of the 17 seats in the last parliament, is being challenged by two small

opposition parties.

The eastern Caribbean island's 78,000 inhabitants are likely to regard with concern the squabble over Mr Bird's successor. Bids for succession have been made by Mr Lester Bird, deputy Prime Minister and party chairman, and Mr Vere Bird, Jnr, his older

### Defeat in Senate still predicted for Tower

By Peter Riddell, US Editor in Washington

SENATOR George Mitchell, SENATOR George Mitchell, the Senate majority leader, was yesterday still predicting defeat for Mr John Tower's nomination as US Defence Sec-retary despite the decision of two fellow-Democrats to vote

The Republicans need three more Democrats, as well as holding all their 45 senators, to force a tie and invoke the casting vote in favour of Mr Tower from Vice-President Dan

Consequently, the Republi-can leadership is prolonging debate to try to win over enough of the four or five Democrats who are will undecided, in addition to Senator Howell Heslin of Alabama and Senator

Christopher Dodd of Connecti-cut who have already backed Mr Tower. But at least one Republican, Senator Larry Pressler of South Dakota, is leaning against confirmation.
As the fifth day of the increasingly bitter debate started yesterday. Senator Mitchell was pressing for an early yester.

He said the vote would show a rejection of the nomination. Senator Robert Dole, the Republican minority leader, warned that "this has barely begun". Some of his colleagues are talking not only of delaying a vote until next week but possibly until early April after. Congress returns from its two weeks Easter recess.

# Mosbacher: 'good ideas'

### **US** may ease HDTV development

By Peter Riddell

THE Bush administration is actively considering proposals to relax anti-trust laws so that private sector consortia can be formed to develop high-defini-tion television and other high technology projects. in evidence to a House com-

mittee inquiry yesterday, Mr Robert Mosbacher, the Com-Robert Mosbacher, the Com-merce Secretary, described as "good ideas" the suggestions made by Mr William Verity, his predecessor, and by Mr Richard Thornburgh, the cur-rent Attorney General, for eas-ing anti-trust laws. In particular, Mr Mosbacher

welcomed the proposals for government certification for joint ventures deemed not to threaten competitiveness and the notification of research and development cooperation on joint arrangements. He went further in describ-

ing as "interesting and strong possibilities" bills to relax anti-trust laws proposed by members of the House subcommittee on telecommunica-

However, Mr Mosbacher stressed that the Administra-tion had made no decisions on how far to go in this direction and was awaiting the report of mittee due within a month. He said changes in anti-trust laws and in tax credits were preferable to any large amount of federal funding of the devel-opment of HDTV – a big sten forward in television technol-ogy and a potential \$146bn market in the US over the next 20 years. He stressed that private sector consortia, such as that formed by ATT and Zenith, should take the lead. But Mr Mosbacher said the involvement of Darpa, the industrial agency of the Penta-gon, which is spending \$30m over two to three years on research, would not be restricted to military uses, but would cover civilian applications as well - "the industrial base of high technology".

Calls for more government-industry collaboration on HDTV may herald a sea change in US policy, says Louise Kehoe NDER the banner of

restoring America's international competitiveness, leaders of the US electronics industry are calling for an unprece-dented level of government and industry collaboration in technology development. Their proposals constitute a challenge to the prevailing American view of free competition that may signal a sea change in US industrial policy. The movement is gathering momentum as diverse industry

groups, congressmen and aca-demics lend their support to proposals for the formation of several government-funded industry consortia. Also push-ing for increased industry and government collaboration are the US Commerce and Defence Departments. Topping the agenda are pro-posals for the government to fund a national effort to "jump start" the development of high-definition television in

the US. Also winning wide sup-port is a proposal to form col-laborative research groups to work on superconductivity applications. Ideas for several more consortia to work in areas of advanced technology such as X-ray lithography and opto-electronics have also bean

At the same time the Commerce Department is encourag-ing semiconductor industry plans for memory chip manufacturing co-operatives. While no formal request for govern-ment funding has been made on behalf of this effort, industry leaders acknowledge that government help may be needed to underwrite the huge restments required.
Driving the trend toward

opment among our foreign competitors has forced us to find ways of improving our system." says Dr Robert Noyce, Sematech, a semiconductor industry consortium.

Industry consortium.

The spectre of losing global superiority in technology has galvanised the US electronics industry. "We are faring economic warfare, which threatens jobs and ultimately our standard of living," said Mr Bill Krause, president of 3COM, a leading computer network company, and chairman work company, and chairman of the American Electronics Association, a major trade group representing over 3,500

ers draw comparisons with the space race spurred by the VLSI (a semiconductor project) Soviet Sputnik satellites in the and Fifth Generation (an

1960s. "The US has been driven to incredible accomplishments by such challenges in the past," Mr Krause said.

The current goals seem applications of superconductor materials, an undertaking that even optimists say will take at least a decade; re-establishing a major US presence in the world memory chip market.

The consequences of failing to address these technological

industry co-operation is the "Japanese threat."
"The increased pace of devela highly regarded founder of the US semiconductor industry and now chief executive of

US electronics companies. He and other industry lead-

almost as remote as a moon landing: rebuilding the virtually extinct US consumer elec-tronics industry, starting with high definition television, s technology in which the US is at least two years behind its foreign rivals; developing ambications of superconductor

challenges would, however, be dire, industry executives warn. They fear that the entire US electronics industry is at stake. "If the US does not choose to re-enter consumer electronics via HDTV, the country as a whole is likely to experience a continued declining world market share in automated manu-facturing equipment, personal computers and semiconductors. Loss of these markets will contribute to the erosion and

contribute to the erosion and eventual loss of a US manufacturing base," said a report published recently by the American Electronics Association.

"We ought to learn from the Japanese," said Mr William Weber, president of Texas Instruments' semiconductor group and a director of the Semiconductor Industry Association a trade group that has ciation, a trade group that has played a major role in shaning US trade policy toward Japan. "The Japanese have a national co-ordinated strategy, whereas we in the US are at odds with each other and at times with our government.
We need to focus our
resources," he added. His

views reflect a growing consensus in the US electronics industry. ln snperconductivity research, for example, US efforts are "scattered... and are unlikely to survive in what we believe will be a long dis-tance race, an advisory com-mittee appointed by then-President Ronald Reagan and chaired by IBM senior vice president Mr Ralph Gomory, recently reported.
In contrast the Japanese

government bas pnt in place... a structure that will support, co-ordinate and sustain the various individual industry efforts in Japan."
To compete with Japan, US industry and government should put together an "Ameri-can equivalent" to Japan's Ministry of International Trade and Industry programmes like

advanced computer technological project), the superconductivity porting the development of the HDTV "business plan," s docu-

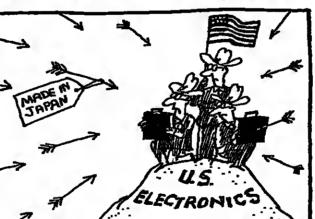
Similarly, proponents of an HDTV consortium claim that foreign companies have benefited from government funding and direction. In contrast, "US companies are underfunded and, as entrepreneurs, pursuing independent strategies," said Ms Pat Hill Hubbard, vice president of the ARA.

investment. Among those tak-ing part are IBM, AT&T, Apple Computer, Texas Instruments and Hewlett-Packard as well as several smaller electronics companies. "Technology America Inc,"

electronics companies are sup-

ment that is designed to

encourage public and private



"HDTV could provide the US with a window of entry back into the consumer entertainment electronics market. How-ever, only a well defined and directed effort by industry, government and academia will enable this to happen," she

suggested.

he proposed superconductivity consortia would involve four to six groups each comprising researchers from industry, universities and government laboratories and would focus on hasic "pre-compstitiva" research, said Dr Gomory. "In the area of fostering new and uncertain technologies that are s long way from com-mercialisation, consortia can play an important role," he suggested. Costs would be shared by industry and govern-

More controversial is the HDTV consortium proposal, which takes collaboration beyond the research stage to encompass manufacturing and marketing of a new generation of television sets as well as associated broadcast and transmission equipment.

Details of the industry pro-posal are still being worked out, and may be revised as Congressional debate gets underway this week. The basic plan, bowever, involves joint industry and government fund-ing for a R&D consortium, followed by the formation of an industry partnership to manufacture and market resulting

as the plan has been dubbed by soma observers, represents a radical new level of industry collaboration that some see as a threat to free enterprise.

'Any call for industry collabcration in production is mis-guided. There is very little economic justification for it and it represents a dangerous anti-competitive trend," said Mr Kenneth Flamm, a senior fel-low at the Brookings Institu-Nonetheless, even Mr Flamm

makes an exception in the case of DRAM manufacturing, which he views as an industry sector that is "monopolised by a foreign cartel." "A government role might be appropriate in ensuring re-en-try into the DRAM market and a case can even be made for partial government subsidy of such an effort," he suggested. "Even if the computer industry were able to organise a join effort entirely on its own,

exemption from antitrust would seem to be required," he

US Commerce Department officials appear to be convinced that relaxed anti-trust laws to allow production consortia are an essential part of the effort to improve US international competitiveness.
A growing number of US leg

a growing inimiser of US ag-islators are also convinced. Both Republican and Demo-cratic Congressmen have recently introduced bills designed to remove restrictions on manufacturing consortia. "US companies must be

facturing and marketing," Mr William Verity, former Commerce Secretary said in a retirement address last month. "That is what has to happen if we're going to stay in some very important markets includ-ing the semiconductor market... or high-definition television, or superconductivity, and there's much more coming down the path," said Mr Ver-

Washington's awareness of the problems facing the US electronics industry was ini-tially raised by the travails of US semiconductor chip mak-ers. Faced with the harsh real-ity that they are losing ground to Japanese competitors, US chip makers pioneered the idea of a government-funded con-

In late 1967, "Sematech," a collaborative effort simed at developing a new generation of semiconductor manufacturing technology, won \$100m per year in Defence Department "matching grants" with the balance of the consortium's funding to be provided by member companies. The industry consortium,

which has 14 corporate members including AT&T, Digital Equipment, Harris, Hewlett-Packard, Intel, IBM, Motorola, National Semiconductor, Texas instruments and Rockwell, has only recently begun to work toward its ambitious goal of leapfrogging Japanese competi-tion to develop a new genera-

tion to develop a new genera-tion of semiconductor manu-facturing technology.

Already, however, Sematech has produced tangible benefits, Dr Noyce claimed. "Even in the planning stages, by hring-ing together suppliers (of semiing together suppliers (or semi-conductor production equip-ment and materials) and users (semiconductor manufacturers) we have improved their work-ing relationships."

"Sematech has also renewed the determination of the Amer-

ican semiconductor industry to

compete in the world market, and stimulated wider thinking about what American industry can achieve through collabora-tive efforts," said Dr Noyce. Yet to be seen, however, is whether Sematech member companies can successfully pool their talents, or whether matech can effectively transfer the results of its research back to the companies for com-mercial application.

there is almost universal agreement within the US electronics industry that governmentfunded consortia represent an important new approach to improving the competitiveness of US industry. Government funding must

Despite the uncertainties,

basis, industry leaders said. Many believe, however, that the current proposals represent a "good deal" for the American taxpayer. The potential returns far outweigh the initial investments, proponents claim.
The development of a US
HDTV industry could, for

example, result in employment for 232,000 workers and con-tribute at least \$22.5bn to the US gross national product, a recent industry report claims.

The danger that the industry may become dependent upon government "hand outs" has not been overlooked, Mr Kraus claimed. "We are all very much aware of the dangers. In any consortium proposal advanced by the US industry we always insist that private and public funds are invested side by side. If a project is not of sufficient importance or does not have the potential for return on investment to attract indus

US taxpayers to invest in it," he stressed.

orrying some observers, however, is the apparent rush to collaborative research without careful consideration of the broader policy issues that are affecting US competitiveness, such as the high cost of capi-

funds, then we could not ask

answer to US competitive prob-lems," said Mr Sidney Topol, chairman of Scientific Atlanta. "US competitiveness must be concerned with economic performance of the nation and its industries as a whole."

"Any public funds for the development of HDTV should be focused on generic techno-logical products which will benefit a large number of industries," an industry com-mittee chaired by Mr Topol

recommended.

There is also sharp division

"HDTV alone is not the

over whether foreign-owned companies should be allowed companies should be allowed to join government-funded consortia. Proposals to limit membership to US companies "are the wrong approach," said Mr Michael Borrus, deputy director of the Berkeley Roundtable on the International Economy.

He suggested membership qualifications should be based on the "value added" work that on the "value added" work that companies perform in the US.
This, he suggested, would allow companies such as Philips and Thomson to join the proposed HDTV consortium, but prevent Japanese television makers, whose US. operations are essentially assembly plants, from partici-

pating.
Wider ranging discussions about the need for a "national strategy" in technology devel-

er and allowed to co-operate in manu- be considered on a case by case opment are also stemming from the industry consortia proposals.
"The electronics industry is

no longer at a stage where the critical success factors are exclusively innovation and technology," said Mr Kraus, "We must also have a co-ordinated strategy,"
How such a strategy can be developed, and how the industry can co-operate to implement it will be the major topics

at an industry "summit meet-ing" to be attended by chief executives of most major US electronics and computer companies next month. The meeting is in itself an extraordinary event that has required the approval of Justice Department

lawyers.

In an industry renowned for its individualists and entrepreneurs, this wave of enthusiasm for co-operation between competing companies and between industry and government has come as a surprise to many

observers.
"Industrial intimacy" is, however, an idea that has been steadily gaining credence among US electronics industry executives over the past few years. Increasingly, US compa-nies have adopted a strategy of "virtual vertical integration" in which they form alliances with suppliers and customers to emulate the structure of Japanese electronics giants.

The trend represents an attempt to overcome the structurely week week or the LIC. tural weaknesses of the US electronics industry, in which most companies are relatively small, while maintaining the advantages of spin-off innova-tion that have created many tion that have created many new companies and markets.
Since the passage of the National Co-operative Research Act in 1984, US companies have formed some 110 research consortia, many of which involve groups of computer and electronics companies that are working on varimes that are working on varimes that are working on various aspects of computer software development.

"When you look at the concentration of the antomobile industry in Michigan, the semi-conductor industry in Silicon Valley or the computer industry in the Boston area, it is clear that communications clear that communications

ment of those industries," said "It is clear that other nations "It is clear that other nations have set the pace in the successful co-operation between industry and government," Dr Noyce observed. Similarly successful efforts will be possible in the US, he predicted, as long as "industry defines the targets."

between companies, the shar-ing of enabling technologies, has contributed to the develop-

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### Bankers take heart from Africa's less dismal picture | Iran presses for

Michael Holman reports that structural adjustment measures appear to be bearing fruit

Sub-saharan Africa has an image of "unrelenting decline" but the statistics commonly reported "mask a more complex, less dismal pic-ture" says the joint study of the region published today by the World Bank and the United Nations Dsvelopment Pro-

Those African countries adopting the structural adjust-ment measures advocated by the World Bank and the International Monetary Fund can point to better economic performances than other countries on the continent, argues the

appraisal.

It notes that over half the 45 countries of sub-Saharan Africa have initiated policy reforms since 1983. The results suggest that a strategy of adjustment with growth is via-

The report focuses on the period 1985-87, making some tentative assessments for 1988, and assesses domestic growth, developments in trade and commodity prices, aid flows and debt relief measures, and domestic policy reforms.

Before comparing the records of the group of countries which have undertaken adjustment policies with those that have not, the report looks at sub-Saharan Africa's overall economic performance. Gross domestic product has grown at an average annual rate of 2.3 per cent since 1984 – less than the region's 3 per cent population growth, but reversing the annual 1.1 per cent rate of decline for the previous four

years.
The report points to hopeful the dominant sector, which averaged 4 per cent growth between 1985 and 1988: "The often-reported decline in per capita agricultural production in sub-Saharan Africa appears to have been reversed, with ris-ing or stable average per capita production since 1985," it con-

		ALL COUNTRIES		COUNTRIES NOT	
indicator	Period	With strong reform programmes	With week or no reform programmes	With strong reform programmes	With week of no reform programmes
Growth of GDP (constant	1990-84	1.4	1.5	1.2	0.7
1980 prices)	1985-87	2.8	2.7	3.8	1.5
Agricultural production	1980-84	1.1	1.3	1.4	1.8
,	1985-87	2.5	1.5	3.4	2.5
emuley freque of export	1980-84	-1.3	-3.1	-0.7	-5.7
	1985-87	4.2	0.2	4.9	-3.3
irowth of import volume excluding oil exports	1985-87	1.7 4.8	-27	6.1	-4.0
rowth of real domestic	1980-84	-8.1	-3.7	-3.5	-7.0
Investment	1985-87	-0.9	-7.0	1.9	-4.8
iross domestic savings	1982-84	5.9	2.5	7.8	0.9
(percentage of GDP)	1986-87	10.7	6.0	10.7	5.8
rowth of per capita	1980-84	-2.3	-1.1	-2.4	-1.5
consumption (real)	1985-87	-0.4	-0.5	0.7	-0.9

nearly 2 per cent from 1970 to

Some other developments are less encouraging: the domestic savings rate in the region was only half the rate for other developing countries and gross domestic investment declined in real terms by about 3.5 per cent a year in 1986 and 1987. Import purchases fell by almost 40 per cent during 1981-85 "and have scarcely improved since — less than 3 per cent". Sub-Saharan Africa's current account deficit rose from \$5.3bn in 1985 to \$10.3bn

But the report goes on to say that when oil exports are excluded, "snb-Saharan Africa's most recent export performance is encouraging, with increasing volume begin-ning in 1985 and increasing earnings beginning in 1986". A decline in the region's share of world trade for its major exports (excluding oil) began to reverse in 1984: market share for coffee and cocoa (which account for 15 per cent of total export earnings) rose over 4 per cent a year in 1985-6, after falling at an annual rate of

The consequences of the region's poor export crop per-formance are starkly set out. "If African countries had sim-ply maintained their 1970 mar-ket share of non-oil primary exports from developing countries, their export earnings would have been \$9-10bn a year higher in 1986-7", says the report, adding: "This shortfall is similar in magnitude to total deht service payments, or donor assistance."

Turning to terms of trade, the report calculates that when oil is excluded, the purchasing power of exports since 1985 did not decline.

In the chapter on capital flows and debt, the report finds that total net financial flows to sub-Saharan Africa "increase significantly in 1986 and 1987, rising \$3-4bn over the 1985 level to reach more than \$13hn in 1987." Total net flow in real terms for 1987, however, remained some 15 per cent below the 1980-83 average.

The external debt burden continues to constrain growth.

report turns to the impact of the reform programmes adopted by 32 African coun-tries which include substantial devaluations. Drawing general conclusions about the benefits derived from adjustment policies is difficult, acknowledges the report. None-

Sub-Saharan Africa'e outstand-

ing and disbursed debt increased from about \$50n in 1970 to \$129bn in 1987 — equal to 100 per cent of its gross national product and over 350 per cent of total exports. Debt

service obligations amounted

to 45 per cent of sub-Saharan Africa's export revenues in

1986 (for International Development Association recipients the ratio was 47 per cent), but in 1987 the ratio fell to 36 per cent for sub-Saharan Africa, but rose to 49 per cent for IDA

The region's share of official development assistance (ODA)

has risen from 23 per cent in 1980 to almost 30 per cent in 1987. But real growth of net ODA was lower in 1987 than in

1986 and 1985. Against this background, the

theless, "evidence enggests that reforms and economic adjustment generally have led to better economic perfor-

to better economic performance in the region."

Countries implementing the new policies enjoy one clear advanatage: "Multilateral and bilateral donors have gradually but significantly shifted their aid flows to give greater support to countries with strong sustained adjustment programmes, while aid to non-regrammes, while sid to non-re-forming countries has begun to

The report compares the performance of the two groups in several key areas:

Despite their larger devaluations, inflation rates are now lower in reforming countries than in the first half of the

 Governments in reforming countries have substantially reduced their fiscal deficits. Agricultural price policy has become more favourable to farmers in reforming countries. Decline in investment was almost arrested, compared withcoutining decline. Domestic savings rates have improved.

 Agricultural production, exports and GDP have all improved. Agricultural production more than doubled between 1980-84 and 1985-87, compared with stagnation in the other category.

Food production grew twice as fast in countries that

food marketing or did not enforce controls. Average annual export growth rose 5 to 6 per cent from the early 1980s to 1985-87, about double the rate of non-

reforming countries. Excluding countries faced by strong external shocks -notably the oil producers -GDP growth rose from just over 1 per cent during 1980-84 to almost 4 per cent on average in 1986 and 1987. The other group increased only a third as

### Islamic offensive against the West Index, 1970 = 100 By Tony Walker In Cairo

IRAN IS pressing for a united Moslem offensive against the West after its cutting of the with Britain, with Tehran's

with Britain, with Tehran's largest selling newspaper advocating breaking off relations with West Germany.

The campaign is part of a wider diplomatic offensive to emphasise its custodianship of pure Islamic values, according to observers in Middle East capitals. The Iramian Foreign Ministry had said on Tuesday that it considered itself "not just the executor of the foreign policy of Iran. Rather... it sees itself as the executor and protector of the foreign policy of lelam against infidelity..."

of lelam against infidelity...

It was against this background that the Kayhan newspaper, Tehran's largest selling daily, called this week for an end to relations with West Germany. It said "the audacious German insults to holy Islam... must not be left unanswered... this will be en experience in what they say and do".

While most of Tehran's fury has been directed at Britain,

has been directed at Britain, home of Salman Rushdie, author of The Satanic Verses condemned to death by Ayatollah Khomeini, there are now signs that attention is being turned to other European nations who have taken diplomatic action in support of the

Bonn, for example, suspended talks on a new loan suspended talks on a new loan for Iran following the "death sentence" on Mr Rushdie, said publication of The Satanic Verses, which has ontraged Moslems because of its portrayal of the Prophet as a figure of earthly frailties, showed that the West was aligned against Islam.

"The Germans, who were famous for being the only link with the Islamic Republic of Iran in the most critical situations in the West's relations with the Islamic revolution, have overtaken others in declaring their heatility." Kayhan said. The Iranian Foreign Ministry statement warned that Iran "tolerates no insult and conspiracy against Islam from any country and considers respect for Islamic sanctities as part of the principle of mutual respect in the framework of its relations with foreign countries".

Tehran, which had seemed intent on reducing its international isolation following last year's ceasefire in the Gulf war, has sent envoys to Arab states in an effort to mobilise

war, has sent envoys to Arab states in an effort to mobilise support for its stand over the Rushdie affair.

Mr Sadeq Khalkali, Iran's religious judge, on a visit to Libya at the weekend elicited the backing of Colonel Muammer Gadaffi, the Libyan leader. Irna, the Iranian official newsagency, quoted Col Gadaffi as gency, quoted Col Gadaffi as saying that Mr Rushdie had "committed an unpardonable crime". Irna said Libya's leader praised fran's stand, and said if Moslems were united "global arrogence would not done to arrogance would not dare to blaspheme Islamic sanctities the way the apostate (Salman Rushdie) had the audacity to

Iranian envoys have also been active in the Gulf, argu-ing for co-ordinated Islamic action on the Rushdie affair.

Arab states have criticised and banned the book, but have not threatened diplomatic reprisals. The low-key Arab response stands in marked con-trast to the near-hysterical

Britons told to quitLebanon

after new Rushdie threats

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9th March, 1989

### Mubarak for backing

By Tony Walker in Cairo PRESIDENT Hosni Mubarak of

PRESIDENT Hosni Mubarak of Egypt arrives in Brussels today at the start of a three-nation tour during which he will seek European support for his country's continued difficult negotiations with the International Monetary Fund. Mr Muharak will also ask the Ruropeans – he is due to visit the Netherlands and West Germany in the next few days
to exert added pressure on
the US to accelerate its formutation of a new Middle East peace strategy. Egyptian offi-cials make no secret of their unhappiness at slow progress in Washington. Mr Mubarak is planning to visit Washington.

next month as part of an Arab peace drive.

#### **Bhopal victims** go on rampage

One hundred victims of the 1984 Bhopal gas disaster stormed Union Cartide offices in the Indian capital yesterday, destroying the reception area and painting slogans on the walls, witnesses said, Reuter writes from New Delhi. The demonstrators came to Delhi demonstrators came to Delhi with nearly 2,000 other victims to protest ontside the Supreme Court as it started hearing an appeal against last month's \$470m settlement against Union Carbide.

#### Angola set to hold regional summit

Angola is ready to hold a regional summit to help end its 13-year civil war, the official news agency Angop said in an editorial yesterday, Reu-

in an editorial yesterday, Reuter writes from Lisbon.
"The Angolan Government is willing to organise a summit of all the neighbouring countries to help achieve a genuine peace," Angop said, hinting that hinted South Africa would be invited.

#### Three Gorges dam approved

A panel of more than 500 experts has approved China's giant Three Gorges Dam after a 32-month etudy, Reuter reports from Peking. The plan has now gone to the top leadership for approval. Building the 185 metre dam would take 18 years. It would require an investment of Ynan 36.11bn (£5.6bn) at 1986 prices and the resettlement of 1.13m people.

#### Refugee conference

International talks on the problem of 300,000 Indo-Chinese refagees failed to resolve the issue of forced repatriation yesterday delegates said. Reuter writes from Kuala Lumpur. But agreement was reached on screening refugees to separate genuine ones from so-called economic migrants, they said.

### Israelis stage trial of asks Europe strength with UN forces

By Andrew Whitley in Jerusalem

ISRAELI troops in southern Lebanon have staged a trial of strength with Norwegian United Nations peacekeeping

For nearly 24 hours, the Israeli army closed off all roads into its self-declared "security zone", effectively blockading the multinational forces in their separate sectors, and cutting them off from their coastal headquarters at Nagoura.

Underlining the gravity of the confrontation, yesterday morning Mr Yitzhak Rabin, the Defence Minister, unexpectedly flew in by helicopter to the region, and the blockade was lifted 15 hours after it began. But he said Israel would not allow United Nations troops to restrict its freedom of move-

ment in Lebanon.
"They have learned a lesson that they cannot interfere with

any movement of the Israeli any movement of the Israeli
Army, wherever they move,"
said Mr Rabin, in a truculent
assertion which appears bound
to provoke further friction.
A cardinal principle of the
Unifil force, first deployed in
1978, is that it, too, should have
freedom of movement. Earlier
in the day Mr Johan Joseppen

Sub-Saharan Africa Share of worldwide official

1970 75 80

much in 1986 and 1987.

Real consumption increased on average faster than the population in reform-

ing countries in 1986 and 1987, reversing the decline of 1980-84. It continues to decline else-

Where African governments

"Where African governments implement reforms and donors provide additional resources," the report concludes, "economic performance can, on average, be improved."

Africa's Adjustment and Growth in the 1980s. A joint World Bank-UNDP publication. The World Bank, 1818 H Street, NW, Washington, DC 20433, USA.

in the day, Mr Johan Joergen Holst, the Norwegian Defence Minister, had raised the temperature by criticizing the Jewish state for putting itself above the UN. The episode shows a regrettable lack of

respect for the UN on Israel's part," he said in Oslo.
Tension has built np for weeks between the 600-man Norwegian battalion, deployed in the troubled eastern sector of southern Lebanon, and the Israelis. Most border infiltra-tions by Palestinian guerrillas

### By Our Foreign Staff

BRITAIN yesterday urged British citizens to leave Leba-non, and a Beirut-based group threatened to kill Salman Rushdie, the novelist at the

centre of the growing row between the UK and Iran.
The Foreign Office warned 150 Britons living in Lebanon to-beave-immediately. It said they are under "increased threat" following Iran's sever. threat" following Iran's severing of diplomatic relations with Britain on Tuesday over Mr Rushdie's novel The Satanic Verses. Yesterday, Sir Geoffrey Howe. British Foreign Scretary, expelled an unspecified number of Iranians "on security grounds" because of Iran's death sentence against Mr

The break in Iranian-British relations raised new fears of kidnapping attacks on Britons in Lebanon.

Three Britons are among 17

Westernars missing and believed kidnapped in Lebanon. Most are thought held by the pro-Iranian Hizbollah (Party of God) militia, which has also vowed to kill Mr Rush-die. Hizbollah has denied involvement in kidnapping. Britain had been hoping that its relations with fram, which were improving until the Rushthe release of the three.

Radical Lebanese Moslems holding two American hostages vowed on Wednesday to kill Mr Rushdie and any police who got in their way.

"The Revolutionary Justice Organisation. . . would be forced to attack British police stations in charge of protecting Salman Rushdie in order to reach him and execute him." said a statement by the group.

### PLO spurns Bush plea over attacks on Israel

By Tony Walker in Cairo and Lamis Andoni in Amman

against israeli military targets, saying it had not made such commitments to the US Gov-Mr Mahmond Abbas, PLO

executive committee member, said in Amman that the Organ-isation did not view "armed stuggle" against the Israeli army as "terrorism". "When we denounced terror-ism, we did not consider the

Palestinian uprising against Israeli occupation and armed struggle against the israeli army as terrorism," Mr Abbas, known as Abu Mazen, said. "The PLO retains the right to fight against the Israeli

army, which is killing our people, especially in South Lebanon," asserted Mr Abbas, who belongs to the mainstream Fatah faction led by Mr Arafat. On Tuesday President Bush warned Mr Arafat to renounce

THE Palestine Liberation organisation yesterday rejected President George Bush's call to halt attacks against largel military targets, against largel military targets, started last December. The US President made his call following four commando attempts by left-wing Palestinian groups to infilirate the self-proclaimed Israeli zone in South Lebanon. The PLO has launched some

The PLO has launched some half dozen raids against northern Israel in the past month or so. Most of these attempts to cross into Israel from south Lebanon have been carried out by guerrillas of the Marxist Democratic Front for the Liberties of Beleating one of the

ation of Palestine, one of the PLO's main factions.

During the last two weeks, leaders of the PFLP and the DFLP, have declared that they were continuing attacks against Israel and would not abide by any commitments made by Arafat to the Ameri-cans. "We have not made any such commitments to halt the armed struggle to the Americans," Mr Abbas said, expressing astonishment at the leftwing faction's reaction.

Mr Nayef Hawatmeh, the DFLP leader, has yowed to continue these guerrilla operations in spite of Mr Arafat's renunci-ation of terrorism. "We are not committed to his stand," Mr Hawatmeh, a member of thePLO's ruling Executive

C o m m m
iftee, said last week.
The attacks are putting under serious strain a fragile dialogue begun last December between the PLO and the US.
Mr. Charles Padamen the State Mr Charles Redman, the State Department spokesman, late last week issued a sharp rebuke after two attempted Palestinian guerrilla incur-sions. Mr Redman said these episodes raised questions "regarding commitments taken in the name of the PLO". A PLO statement, issued in

Israeli military targets while Israel was bombing villages and refugee camps in Lebanon. The statement said the PLO was striving for a comprehensive peace in the region.

The PLO infiltration attempts are also causing concern among moderate Arab states such as Egypt that have worked hard to encourage PLO moderation. Egyptian officials have expressed their worries to Mr Arafat, the PLO chairman, pointing out that deaths of pointing out that deaths of israeli civilians in a guerrilla attack would put the US under extreme pressure to cease its discussions with the PLO.

The PLO leader is understood, howevar, to have informed the Egyptians that it would be difficult for him to condemn the raids except at the rick of except at Tunis last week questioned US impartiality in demanding an end to attempts to attack the risk of causing a rupture among his organisation's disparate factions.

### Compromise sought to let Botha see out his term

By Anthony Robinson in Johannesburg

MR F.W. de Klerk, the recently appointed leader of South Africa's ruling National Party, has been involved in last-minute negotiations on a compromise which would give him sufficient powers to run the country while letting President P.W. Botha see out his term as

itular President.

A key role in the negotiations is being played by Mr Piet Cillie, old-time nationalist leader and former chairman of Nasionale Pers, the main Afri-kaans media corporation and the chairman of Federala Volksbelsgings, a big Afrika-ner finance house. Both men are old friends of the President who fear that he will damage his own reputation and weaken

### the party if he continues to cling to power. The Afrikaans press has been outspoken in its appeals to Mr Botha to resign

with dignity. Senior party officials said last night that if such an agree-ment could be reached Mr de

Klerk is expected to present it for ratification at today's National Party caucus meet-All this week Mr de Klerk has appealed for the party to

stay calm and seek a reasonable solution to the constitutional and political impasse resulting from Mr Botha's announcement last week that he intended to return to his full presidential role after the Easter recess.

### Khartoum accused of obstructing aid effort

By Julian Ozanne in Khartoum

Khartoum at a UN-sponsored conference on emergency relief operations in Sudan's war-ravaged south levelled sharp criticism at the Government yesterday. They accused it of bureaucratic obstruction of relief efforts and threatened to cut off hon-humanitarian aid. Mr Francis Miles Filleul,

Canada's ambassador-designate, said the situation of nate, said the situation of human devastation was "not the result of any natural disas-ter but of the determination of the parties in the on-going civil war to pursue their military and political ends whatever the cost to the civilian popula-tion."

tion."
Mr Filleul said: "In the

WESTERN donors meeting in absence of a peace settlement khartoum at a UN-sponsored and national reconciliation we conference on emergency relief will consider seriously whether continuing assistance of other than a purely humanitarian nature can be justified."

The conference, attended by Japan, the UK, the US and other nations and non-government organizations.

ment organisations, wants a month of quiet in the south from April I — before onset of rains — so food can be taken to

2.2m people at risk.

Mr Sadiq al-Mahdi, the
Prime Minister, said he would
accept the month of tranquillity. But with a three-week political crisis there is doubt whether the conference can come up with any conclusive or binding agreement.

#### OVERSEAS NEWS

### claims two more victims

By Stefan Wagstyl in Tokyo

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TWO MORE arrests were made yesterday in the Recruit finan-cial scandal, which has gripped Japan since lest summer, tak-ing the total taily to 12 and increasing concern about the impact of the affair on Japa-

nese public life.
Public prosecutors arrested Mr Takashi Kato, a retired senior civil servant, and Mr Masao Tatsumi, a former director of Recruit, the company at the centre of the affair.

Mr Kato, a former vice-minister at the Ministry of Labour, is suspected of taking bribes in return for drowing plans to

return for dropping plans to tighten laws on recruitment advertising, the core of Recruit's activities. Mr Tatsumi is accused of offering Mr Kato bribes in 1986 in the form of cut-price stock in Recruit Cosmos, a property subsidiary of Recruit. Mr Kato made a profit of Y7m (£31,674) when he sold the shares.

The two arrests follow others . in the last few days, including that of Dr Hisashi Shinto, the former chairman of Nippon Telegraph & Telephone, Japan's largest company.

The spate of arrests of businessmen and bureaucrate has increased the processors of Mr.

increased the pressure on Mr Noboru Takeshita, the Prime Minister, to make sure that politicians implicated in the affair are also forced to explain themselves. Chief among them is Mr Yasubiro Nakasone, the former prime minister.

The scandal concerns the distribution by Recruit of

shares on favourable terms to ahout 160 leading businessmen, bureaucrats and politicians. The company's links with the Labour Ministry has been one key area of investigation. Oth-ers are its contacts with the

Education Ministry and NTT. In investigating the Labour Ministry, the public prosecutor Ministry, the public prosecutor discovered that during 1984 officials prepared plans for laws to control recruitment advertising, to outlaw the placing of misleading advertisements. But the employment security burean dropped the proposals late in the year, to the surprise of some of its staff. The bureau head was then Mr Kato, who at first denied that he had had anything to do with the planned laws. The blame fell on Mr Shigeru Kano, a division head in the bureau, who was accused of being wined and dined by Recruit to the time of Y1.3m.

tone of YL3m. ·Last month he was arrested on suspicion of bribery. But further evidence emerged against Mr Kato, who in addi-tion to receiving 3,000 Recruit Cosmos shares, was also alle-gedly entertained at Recruit's

The prosecutor says there was a special department at Recruit for co-ordinating favours for Labour Ministry officials, which was beaded by Mr Tatsumi. It had a budget of some Y30m, spent, say the prosecutors not just on Mr Kato and Mr Kano but on oth-

#### India to build its own combat aircraft By K.K. Sharma in New

INDIA has decided to go ahead with ambitious plans to build its own light combat aircraft and attempts are to be made to hring it into service with the Air Force from 1995. It has also been decided to develop a second generation of the aircraft. Plans to develop the war-plane - which will be the piane — which will be the mainstay of the Indian Air Force — have been delayed because of design problems and difficulties in evolving au indigenous engine to power it. The alternit is being developed by a special cell at the Government owned Hindusthan Aeroment-owned Hindusthan Aero-

nautics in Baugalore.

Doubts about the project emerged not only because of the delays and the high costs involved but also because of an attractive Soviet offer to upgrade cheaply the Indian Air Force's present fleet of Mig-21s hy incorporating in them a

number of improvements.

This would make the Mig-21s – for which manufacturing facilities already exist in India facilities already exist in India

as effective as the latest of
the Mig series. The Mig-21 fleet
is obsolete and is being phased
out. In addition to French
Mirage 2000s, the Air Force is
importing the latest Migs,
including the Mig-29. Since the
Mig-29 is expensive, the offer to
modernise the Mig-21 is tempting, particularly given defence
expenditure cuts in the recent
hudget.

budget.
It had been thought that accepting the Soviet offer would make redundant plans the Air Force has decided to go ahead whatever the decision, which is expected soon.

The Air Force is also going

the first state of the first sta ahead with plans to acquire a anean with plans to acquire a jet trainer to replace its ageing Mg-21s and the British Hunter. The Air Force has narrowed the choice down to the British Hawke, the French Alpha and the American F-5.

#### Mujahideen start assault on Jalalabad

By Christina Lamb

AFGHAN Mujahideen have launched a fierce attack on Jalalabad, the country's third city, which they hope to cap-ture and make their capital. According to rehel head-

quarters in neighbouring Pakistan, Mujahideen have captured Sumarkhel, a crucial garrison about 15 km southgarrison about 15 km south-east of the city. They are now concentrated near Jalalabad's airport: where there 1s hand-to-hand fighting around the perimeter fence. Mujahideen have been pre-dicting the fall of Jalalabad since Soviet forces started

since Soviet forces started withdrawing in May. On Sun-day they claimed over Pakis-tan national television and radio that they would conturn the city within a week. Since then Mujahideen forces have been massing around the city and truckloads of US supplied rockets have been brought in. The city has been under artillery fire since Tuesday.

Though the resistance claims to control 90 per cent of Afghanistan, 25 of the 31 provincial capitals are still in the hands of the Soviet-backed regime of Dr Najibullah. The Mujahideen realise they must capture Jelalabad if they are to win international recognition for their own newly cre-ated rival government which is scheduled to hold its first: Cabinet meeting inside Afghanistan tomorrow. The venue has not yet been dis-closed but an alliance spekes-man said it will probably be near Jalalabad.

The guerrillas hope that by capturing Jalalahad and hold-ing a Cabinet meeting inside Afghanistan, they will raise the government's credibility. Foreign ministers of Moslem countries meet in Riyadh next Monday and Pakistan's Foreign Office says recognition is impossible until the government has "demonstrated its hold on Afghan soil".

### Canberra tries to talk confidence into economy

By Robin Pauley, Asia Editor

THE Australian Government rhie Australian Government yesterday kept up its campaign to talk confidence into the embattled economy with Mr Paul Keating, the Treasurer, insisting again that a dramatic tightening of fiscal and monetary policy would cause a

ecession.

However, the currency and equity markets remained unsettled yesterday by the state of the economy with Australian shares falling sharply as market confidence retreated further. Nervousness was exacerbated by speculation about Bond Corporation Holdings whose share price fell to its lowest point since the October 1987 share market crash before

making a modest recovery. The Government is already running a tight fiscal and monetary policy in an attempt to cool the seriously overheating economy. The boom from rapidly recovering commodity prices led to a consumer spend-ing spree on housing and imported goods, fuelling inflation and producing a string of

Ministers have succeeded in talking the overvalued Austra-lian dollar down in recent weeks and interest rates are weeks and interest rates are already at a punishing 16 per cent. The Government, fearing that any further tightening will throw the economy into reverse, is now trying to play for time to allow the effects of high interest rates to feed through to cool and stabilise the situation.

Mr Keating repeated in Parliament yesterday that the Government does not plan a "scorched earth" policy, refer-ring to calls for further measures to dampen demand for housing and imports. Mr Keating's comments

came as part of a concerted government campaign to try to talk the economy back into shape. Mr Bob Hawke, the Prime Minister, has led the ini-tiative aimed at calming the markets and cooling the economy while telling the citizens how well-off they are, in spite of indications to the contrary, in advance of the general election expected later this year.

### Recruit scandal | China determined to keep its iron grip on Tibet

Colina MacDougall reports on Tibetan fears after foreign witnesses have been forced to leave Lhasa

OMORROW Tibetans will mark the anniverasary of the uprising in Lhasa against Chinese occupa-tion in 1959 which ended with the young Dalai Lama fleeing over the mountains with thou-sands of his followers to India. Many thousands more were killed by Chinese troops and Buddhist monnments destroyed in what was just a foretaste of horrors to come in China's devastating Cultural Revolution of the 1960s and

But the anniversary is unlikely to be marked by more demonstrations. Though Tibet denoisstrations. Industration in the capital to die, following three days of rioting earlier this week, the narrow streets of the capital are now thickly patrolled by Chinese troops and police. Under the martial law proclaimed yesterday by Peking's ruling State Council, foreigners may not enter cordoned-off areas and all (150-odd) were The death roll in all the recent protests has been unnecessarily high. "A lot of people were killed (in the rioting this week) who shouldn't have got killed," said an Amer-

ican visitor yesterday on the phone from Lhasa. "One girl was killed in her own home making tea. The police were inept, bungling and



Demonstrators carrying the Tibetan flag and pictures of the Dalai Lama march in Lhase on Monday.

The latest trouble began on Sunday when police opened fire, killing at least 11, on a group of monks shouting proindependence slogans and unfurling banners outside the Jokhang, Lhasa's splendid gold-roof shrine. A full-scale riot followed as Tibetans ransacked Chinese property. China's official news agency, Kinhus, claimed the Tibetans. were armed, but foreign eyewitnesses deny that

on Monday, and the police held off until evening when Tibetans say many people were picked up from their homes by police. Trouble began again on Tuesday, but armed police dispersed the crowds with an unknown number of casual-

With foreigners expelled from the city, Tibetans fear that those the Chinese consider troublemakers will either itnesses deny that, be executed or dumped in Demonstrations continued Tibet's onpleasant jails, where

they could face regular beatings and a slender diet of barley and water. Amnesty International records this as standard Chinese practice fol-lowing previous demonstra-

A witch-bunt has already begun among Tibetans who work in the Chinese-run administration, of whom there are many, at least in junior posts. "Every party member and cadre must... stand the severe test in the current struggle against splittism," said the Tibet Daily on Mon-day. "We advise people who have been fooled by the splittists to wake up to their mis-takes. . . . We will severely punish those who stubbornly insist on independence for

Clearly, the Chinese have to restore order after three days of demonstrations which led to much bloodshed (12 deaths by the Chinese count, 60 by the Tibetan, and 30-40 by doctors at Lhasa's hospitals, and more than 100 injured). Chinese were beaten up or had their busi-nesses sacked. Peking's leadership is cur-

rently facing serions chal-lenges from the runaway economy, disobedient provinces and a rapidly growing swell of dissidence among intellectuals. With Zhao Ziyang, the reformist party general secretary, already under fire from hardliners alarmed by these develop-ments, protest in Tibet is get-ting short shrift.

With the death of the Panchen Lama in January, the Chinese have lost their chief intermediary in dealing with Tibet. While the Panchen was always seeo as a "Chinese chopstick", he nevertheless commanded respect, especially since his sufferings in the Cultural Revolution. Without him, Peking now has no figure over Peking now has no figure even half-way trusted in Lhasa, and still less does it have his private channels of communica-ton to the exiled Dalai.

The Chinese are in no danger of serious opposition from Tibetans, who are unarmed and peaceful by nature. They have no leader except the Dalai Lama, who preaches non-violence, and the days of CIA backing (late 1960s-early 1970s) are long gone.
The Chinese have also

evolved an extremely successful network of control. Every monastery, village or band of nomads is penetrated by informers – locals over whom the authorities bave a hold - and indoctrination meetings are frequent ond regular. These meetings deal almost entirely with anti-independence propaganda, say foreign

While materially life is bet-ter than 10 years ago, Tibetans still seek independence even at

the cost of their lives. Aware of this and dreading the bloodshed, the Dalai Lama last June proposed a settlement which would give Tibet internal autonomy under a Chinese umbrella of defence and for-

eign relations. In response, the Chinese initially offered talks without pre-conditions, but, as is their usual negotiating ploy, began to set terms when it started to look as if the Dalai might occept. Thus discussions are still not really in

prospect.
Though it is a fabrication to and the same and the same at the same as they do, that Tibet has always been part of China, in periods of strength Peking has maintained a presence in Lhasa, and certainly now wants the land and raw materials. Tibet can provide.

als Tibet can provide.
On the Tibetan side, many find the Dalai Lama's offer sur-rendering the idea of full independence a bitter disappoint-ment. Young Tibetans in Lhasa and the exited community believe that despite Buddhist non-violence they should

But the practicalities of Chinese might and lack of support from near neighbours Nepal and India mean that diplomacy and pressure from the interna-tional community - if it can be prevailed on to say boo to the Chineso - may be a more

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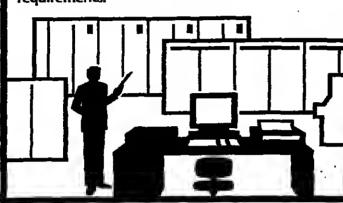
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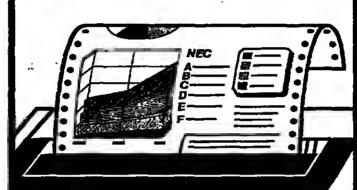
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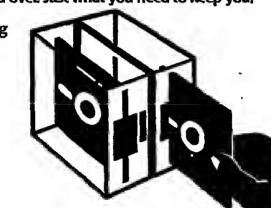
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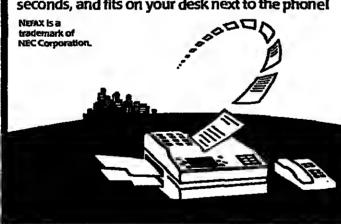
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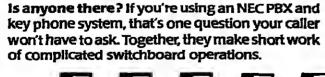


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By Philip Stephens, Political Editor

BRITAIN yesterday responded to Iran's decision to break diplomatic relations with an announcement that it was planning to expel on grounds of security a number of Iranian citizens from both Britain and Hong Kong.

HSDAY MARCHI

Iran announced the break on Tuesday following the continuing row over its death threats against Mr Salman Rushdie, the British author of the book The Satanic Verses.

The implications of the escalating row will be discussed by European Community interior ministers at a meeting in Sev-ille, Spain tomorrow. That will follow talks in Madrid yester-day and today between the political directors of the 12

member countries.

Sir Geoffrey Howe, the Foreign Secretary, told a supportive House of Commons, that a move to restablish links with Tehran would only be possible when the Iranian government accepted the normal conven-tions of international relations. In the meantime Britain had decided that "on security grounds, a number of Iranians." must be required to leave this

The Tehran Government hadalso been told to close down its consulate general in Hong on their freedom of movement. Kong and to withdraw staff The interior ministers

THE Securities and Investment

Board, the London financial

watchdog, had been granted High Court orders freezing

ssets in the UK and Guernsey

of Pantell, a Swiss group which

has been offering advice to investors in the UK, and its English associate Swiss Atlan-

tic Holdings.
The SIB was granted the

orders at a private court hearing on Tuesday. Neither com-

son, the Vice-Chancellor, the

senior judge of the Chancery

Division, eave reasons in court

The orders, which Pantell and Swiss Atlantic can apply to have cancelled, were made

to have cancelled, were made pending a court ruling on whether Pantell has been car-rying on investment business in the UK in breach of the 1986

tion to the High Court for orders under section 6 of the

Act, which deals with remedies available where someone has

conducted investment business in the UK without authorisa-tion under the Act.

sion under the Act.
Sir Nicolas said Pantell
advertisements offering investment services to people in the
UK recommended shares in a
US company, Enranco,
describing them as "the share
of 1022" and "nublicly council

of 1988" and "publicly owned and traded."

and traded."

The evidence showed that a
Dr Axel H.Schubert was one of
Pantell's two directors.

Inquiries made by the SIB to
the US Securities and
Exchange Commission had disclosed that Eurameo shares

were not listed or traded on any stock exchange. It had also been discovered that Dr Schub-ert was apparently president of

Eurameo. Pantell's solicitors had

agreed with the SIB that the

pany was represented. Sir Nicolas Browne-Wilkin-

for ordering the freeze.

Financial Services Act. It was the SIB's first applica-

frozen by UK court

By Raymond Hughes, Law Courts Correspondent

Mr Douglas Hurd, the Home Secretary, is expected to announce the expulsions from this country within the next

The Government yesterday gave no indication of the num-bers involved in the UK, but it is understood that the initial spotlight will fall on the 10 or so Iranian citizens employed locally by the franian embassy

in London.

Officials made it clear, however, that the activities of a wide range of Iranians are being kept under close review and the expulsions are likely to

and the expulsions are likely to encourses other groups.

Iranians closely associated with the present regime and any involved in issuing threats may find themselves expelled.

It is thought that as Iran made the decision to formally the control of the second of the control of the second of the control of the second of the break relations with Britain it is unlikely that the Foreign Office will press immediately for any escalation of the diplo-matic sanctions against Tehran already taken by its EC part-

The 12, however, may look closely at the possible security risk posed by frankan nationals throughout the Community and decide to tighten control

announced last month that they would be reviewing the issue, leaving open the possi-bility of a decision at their ng on Friday.

In Parliament, Sir Geoffrey sidestepped calls from some Members of Parliament for a total break in all relations with Iran, including trade links, commenting only that Britain stood by "to take whatever action that may be necessary in the light of events."

deplored Iran's decision to refuse this week Swedish consular access to Mr Geoffrey Cooper, the British business-man held in prison in Tehran. The Foreign Office would continue to press for access through the Swedish embassy. Sir Geoffrey said that the

to free speech. His statement was given walm welcome by Mr Gerald Kaufman, Labour's foreign affairs spokesman. The opposi-tion, he said would give its full support to the Government's

#### Swiss group's assets Peugeot workers reject pay deal advertisements were unlawful,

made clear on the ballot paper that a vote against the offer would be taken as a vote in

favour of industrial action.

The result has surprised both the management and the mions. The workforce rejected the pay offer last month by a

show of hands at mass work-

place meetings, but, after a further sesion round the nego-

tiating table, one of the two

stumbling blocks, the qualifying period for attendance

illowance, was eliminated.

The indications all along

were that neither the mone

were that the the morey nor the two-year requirement, were major problems. However, attitudes may have hardened in the past fortnight. The

Peugeot workforce will have

seen their opposite numbers at fellow Coventry car maker Jaguar receive a fresh pay offer in spite of that compa-ny's claim that it had made its

final offer.

Services Act nor exempt from it, and had said that no more The 4,500 manual workers at would be distributed in the UK. Pengeot Talbot, the Coventry car maker, have voted to take Documents and records seized by the public prosecutor showed that Pantell had raised industrial action over the company's two-year pay deal worth just under 16 per cent. money from investors in many countries including the UK. Cheques from UK investors In a secret ballot, 2,407 workers, representing 54.8 per cent, voted to reject the pay offer and 1,986 workers, 45.2 per cent, voted to accept it. Ninety-two per cent of the workforce voted in the ballot. It is understood that it was had been sent to a Pantell account in a London branch of

Sir Nicolas said that a press statement by the Lugano pub-lic prosecutor stated that crim-inal proceedings had been opened against the managers of Pantell for professional swindling and breaches of Swiss federal banking law.

since Pantell was neither authorised under the Financial

The statement noted that Panfell and associated companies operating internationally had allowed many investors in Great Britain and elsewhere to buy shares in private companies at prices vastly in excess

Sir Nicolas said that Swiss Atlantic appeared to be, or bave been, Euramco's parent. It was therefore at least indirectly associated with Dr

The judge said that there was a strongly argusble case that, by sending advertisements from outside the UK to persons within the UK, Pantell

persons within the UK, Pantell and its associates were carrying on investment business in the UK in breach of the FSA.

The SIB had power under the Act to obtain a court order enabling it to secure money for distribution to people affected by Pantell's activities. A similar order craft also be made. lar order could also be made against Swiss Atlantic, which had arguably been knowingly concerned in the contravention of the FSA. Sir Nicolas said that the SIB was not seeking such orders at this stage.

## He said that the Government

Government's action did not imply its approval of Mr Sal-man Rushdie's book, The Satanic Verses, but it was determined to uphold the right

response to the "monstrous" death threat against Mr Rush-

Funding for tunnelling and political stumbling blocks put brakes on high-speed link

### Chunnel rail project faces delay of four years

By Kevin Brown, Transport Correspondent

BRITISH Rail'a proposed high speed railway link between London and the Channel Tunnel may not open until the year 2000 – four years later than originally planned. BR confirmed yesterday that

it has made major changes to its proposals for the high speed link in response to a messive protest campaign by Kent and London residents. The major changes include

plans to run two-thirds of the fine below ground level, to restrict the maximum speed of rains to 140mph, rather than 187mph, and to site most of the rest alongside existing railway or motorway routes.

BR also announced an improved compensation package, under which it will buy the houses of up to 1,000 residents affected by the route, and will pay disturbance fees at the levels required under

compulsory purchase legisla-

The changes will increase the cost of the line from £1.2bn to £1.7bm. BR said 30 per cent of the total cost of the project would go on environmental

However, the extra costs have forced BR to abandon its initial assessment that the line would be viable by 1996. Mr John Welsby, BR's international director, said talks were ctill owing with sin mineral control of the control of th still going with six private sector consortia in an attempt to find a workable financing

He said this could range from a wholly private sector construction project which would sell track time to BR, to a joint venture in which both parties would have an equity

BR managers were admitting privately, however, that these

discussions could take some to BR's intention to use the time because of uncertainties about traffic forecasts, costs and revenues.

It was also being made clear that the private sector consor-tia may not be prepared to finance the full bill for environmental protection.

Mr Welsby said BR would have to approach the Govern-ment for cash if there was "a shortfall" in funding after consultations with the private sec-It is not clear, however,

whether Government financing would be possible, even if ministers were to reverse their present opposition to public financing. This is because the Channel Tunnel Act specifi-cally forbids public subsidies to the fixed link project.

The project could be further delayed by growing opposition controversial private parlia-mentary Bill procedure to obtain legislative authority for the link.

The earliest such a Bill could receive the Royal Assent would be summer 1991. But that would require it to be tabled on time in November, and to enjoy a smooth parliamentary

BR admitted yesterday that the strength of opposition in Parliament could mean that the Bill would take three or even four years to emerge unless it is taken over by the

A timetable leading to an opening in 1999 or 2000 would be in line with the experience railways, which bave both found that the construction of

years longer than anticipated. Mr John Prescott, the Shadow Transport Secretary, claimed the revised proposal would destory the commercial viability of the project, and urged the Government to take over the project.

Mr Prescott said this would also allow time for a further consultation period, including an independent study by experts to be appointed by the Transport Department.

The revised proposals were welcomed by some critics of RR's original plans. Mr Tony Hart, leader of Kent County Council, said the changes were "a moderate triumph.

Mr Stephen Joseph, director of Transport 2000, the trans-port pressure group, said BR had accepted advice to site the route along existing transport

### Bill set for bruising struggle through Parliament

By Charles Hodgson

IF BRITISH RAIL or the Government had entertained lingering hopes that the more "environment-friendly" ronte for the high-speed link would defuse opposition to the proj-ect, the reaction to yesterday's proposals must have dispelled

Protesters made clear that they would continue their campaign, joined by residents affected by the new route. Con-servative MPs whose Kent constituencies will be crossed by the link last night signalled their intention to fight the Bill at every stage of its progress through parliament.

BR will clearly face a long, bruising battle at Westminster to push through the Bill, Many senior Conservative as well as opposition MPs feel that a privately sponsored Bill on such a controversial project is the wrong way to proceed. They predict that a private Bill could be lost as early as the second reading in the House of Commons and will in case be sub-

ject to long delays.

A parliamentary joint select committee on private Bill procedure, chaired by Mr Patrick McNair-Wilson, the Conservative MP for the New Forest, concluded last July that pri-vate Bills were not an approSix groups bid for link

SIX GROUPS have submitted preliminary bids to build a pri-vately financed high-speed rail link between London and the

Channel tunnel. They are:

Costain, Wimpey, Taylor
Woodrow, all construction
companies, and Spie Batignolles of France. Laing, Mowlem and Tar-mac, also British construction

groups, and GTM Entrepose of Trafalgar House, the construction, property, shipping and hotels group, and BiCC, the engineering and construc-

tion group. priate mechanism for seeking approval where planning and environmental considerations

ere uppermost. There are strong demands for a series of public inquiries along the proposed route and pressure on the Government either to sponsor the Bill as a hybrid - one which affects specific private interests but also has wide implications - or as a public Bill.

Ministers have so far sought to distance themselves from the controversial project, Amec, the construction company, Davy Corporation, the engineering and construc-tion group, Monk, the civil engineering company, and W.S Atkins, consulting engineer.

· Ove Arap, consulting

Peninsular & Oriental Steam Navigation (P&O), the shipping and construction group, BAA, formerly British airports Authority, Trusthouse Furte, the hotels and catering group, Acer, consulting engineer, and Hambros, the mer-

insisting that it is a matter for BR to seek enabling legislation through a private Bill. But given the wider public interest involved, and the increased cost of the scheme, which many MPs believe will require public backing, the Govern-

ment may be forced to step in to secure the future of the link. The Government was criticised in the Commons yesterday for not volunteering a state-ment on BR's plans. Mr John Prescott, the opposition Labour Party's transport spokesman, claimed that the scale of the

extra expenditure envisaged meant that public investment was inevitable and this required government account-ability to parliament.

Downing Street, however, firmly reiterated its insistence that no public money would be spent on the link.

The first step for BR is to draw up its Bill, seeking parliament's authorisation to under-take the necessary works. This has to be deposited with the Private Bill office by November 27. BR will then seek an MP to

oonsor the Bill. Mr McNair-Wilson, who has sponsored all BR's private Bills since 1979, has already indi-cated that he does not wish to pandle the rail link Bill, given the environmental implications and local concerns it raises.

BR would obviously prefer to find s Kent MP to act as spon-sor but it is unlikely that any local member would accept close association with a project that has aroused such fierce

Once the Bill is deposited. opponents whose property or interests are affected have until January 30 to present petitions setting out their case against the planned route. If the private Bill procedure is followed, the proposed legislation will have a second reading on the floor of the House giving opponents on both sides of the Commons o first oppor-tunity to block.

Once over that hurdle, the Bill will go to o special com-mittee of four MPs, who have to declare no personal or con-stituency interest in its provi-sions. The committee acts in a quast-judicial capacity, taking evidence for and against the Bill advanced by the petition-ers and BR.

This can be a long process - Mr McNair-Wilson has said it could take up to three years and only when the commit-tee is satisfied that the case for the Bill has been established is it reported back to the Com-

mons for its further stages. Given the level of local opposition to the link and the wide ranging onvironmental issues it raises, either the government or officers of the House may decide that the Bill should be taken as a hybrid, like the 1986 Channel Tunnel Bill.

BR will obviously want to test the extent to which it can "settle" with objectors in the course of drafting its private Bill, but at this stage it appears improbable that the Government will be able to resist the

#### Brussels allocates 40% of industrial aid to UK

By David Buchan in Brussels

trial decline over the next three years, the European Commission said yesterday.

However, despite getting the greatest share of this type of EC aid, UK officials expressed slight disappointment that areas of urban decay in cities like London were not included on the Commission list. They predicted that the Brit-

They predicted that the British Government would use a
review of the list by a committee of member states officials
to get such areas included but
the committee's opinion is only
advisory not binding.

Mr Bruce Millan, the former
Labour MP who became EC
regional policy commissioner
In January, said some 20m people lived in areas of the UK
which would be covered by the
regional fund, designed to help
industrially declining regions,
more than twice in terms of Strike action would have serious implications for Peugeot. In the past 12 months the Coventry factory has taken on staff and doubed production. At present number three in Europe after Fiat and Volk-greener. Peugeot's gim is to be swagon, Peugeot's aim is to be number one by the early 1990s. Any action could jeop-ardise this aim.

BRITAIN is to get nearly 40 per population than that of any cent of all aid from Brussels to other member state.

give cash estimates of the benefit to the UK of the Commission decision. Brussels officials said the UK share of 38.3 per cent of so-called Objective 2 (industrial decline) regional aid might work out at some Ecu200m (£130m) this year.

However they also pointed out that some Objective 2 aid (15 per cent of the total) remained to be allotted, and that Britain could expect substantial payments from the EC social fund, aimed at high-un-employment areas.

The list covers large areas of west central Scotland, north-east and north-west England and south Wales. While 38 of the UK's Urban Action Programme areas on the EC list, it also includes some areas not assisted by the UK Government such as parts of the Midlands.

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## for toxic waste disposal

By John Hunt, Environment Correspondent

TOUGHER system of controlling the dumping of toxic waste and the eventual establishment of a National Environment Protection Agency are proposed by the Commons Environment Com-mittee in a report which is scathingly critical of Govern-

ment policy.

After a long investigation into toxic waste, the all-party committee said: "Never hava and universal criticism of existing legislation and of central and local government."

It accuses the Department of the Environment of failing to provide the leadership and commitment to provide adequate protection against envi-

romental dangers. Sir Hugh Rossi, the Conservative MP who is chairman of the committee, said yesterday it was "little short of a mira-cle" that there had been no disaster from the escape of poisons into the water supply from toxic waste or from explosions from the build up of methane gas on waste sites.

There was particular concern that planning permission is frequently given for building on abandoned dumps. Sir Hugh said that in some areas there was virtually no control over what went into landfill sites, "Nobody knows what is in there. God knows what kind of time bomb we are sitting on."
He said that the Department of the Environment was responsible for the "appalling system" of waste disposal and for allowing the situation to

Although Sir Hugh, a former junior Environment Minister, blamed the situation on succes-

By Andrew Fisher in Frankfurt

LINDE, the West German industrial group, said it would appeal the decision of the country's Federal Cartel Office

to grant only partial approval of its takeover of Lansing Bag-nall, the UK's largest fork lift

The cartel office yesterday confirmed it was disallowing the West German part of the

takeover, restricting the deal

truck maker.



sive Labour and Conservative governments, the report comes as an embarrassment to Mr Nicholas Ridley, the Environ-

ment Secretary.

Mr Ridley said last night that many of the recommendations were in line with the Government's proposals for comprehensive reform of waste disposal. Consultations on these were now ending and leg-islation would be introduced as early as possible. But the proposal for a National Environment Protection Agency raised greater constitutional ques-

The report proposes that a "duty of care" should be placed on shipowners and captains to provide a detailed and accurate manifest of the wastes they are carrying to the UK. They could be sued and face heavy damages if they misrepresented the

In a consultation document the Government has already

to Lansing's French and UK activities. It had already indi-

cated in January that it would

exclude Linde GmbH in Ger-

many, which has a turnover of DM100m (£31m), from the deal.

include industrial gases and industrial plant, said it would appeal in the Berlin courts. It

said the cartel office had taken

too narrow a market view.

Linde, activities of which

Linde to appeal verdict on Lansing

restrict and control waste imports and exports, but this has not been implemented yet. Lack of resources and understaffing leading to lack of morale at the pollution inspec-torate is heavily criticised. The committee wants the inspectorate placed on an agency basis to give it some autonomy from the DoE and to have its own chief executive who would be an inspector rather than an administrator. It proposes that the present 79 waste disposal authorities (WDAs) in England and those based on district councils in Wales should be abolished. They have been consistently criticised for poor performance in enforcing waste regulations and for having a "poacher and gamekeeper" role in running some sites them-

Initially, they should be replaced by 10 new regional waste regulation authorities in England and Wales formed from elected councillors. There should also be a national regu-latory body responsible for a integrated pollution control of all aspects of pollution to air, water and land.

This would evolve into a full-blown Environment Pro-tection Agency which would be separate from the Department of the Environment but answerable to the Environ-

ment Secretary. The executive arm of the agency would be the present pollution inspectorate which, says Sir Hugh, "is the only public body which comes out of this inquiry with any

(Toxic Waste, Environment Committee, Second Report, HMSO, £10.50)

The cartel office argued that Linde had a leading position in

the West German fork lift

truck market, with more than 50 per cent. Lansing GmbH's

share was less than 2 per cent but would still add to the donnt-

nant share of Linde. This was aided by a voluntary sales limi-

tation agreement between the European and Japanese indus-try associations.

### MPs 'appalled' by system | No surprises expected to enliven budget

Simon Holberton finds few prospects for chair-gripping changes next Tuesday

R RICHARD Jeffrey, economist at Hoare Govett, speaks for many practitioners of the dis-mal science of economic foremal science of economic fore-casting in the City of London: "It promises to be a very down-beat affair: the budget that never was." Less than a week before Mr Nigel Lawson, the Chancellor of the Exchequer, stands at the dispatch box to deliver his sixth budget, City economists can harely sup-

deliver his sixth budget, City economists can barely suppress a yawn at the prospect. "Dull" and "boring" are the adjectives most used by analysts to describe next Tuesday's budget. With few leaks to enliven speculation, the received wisdom has it that the state of the economy will not permit the Chancellor to do much, despite a huge budget much, despite a buge budget

"It will be a low-key, risk-averse affair. It's head down time, although Mr Lawson is not good at being a bead-down Chancellor, says Mr Gavyn Davics, chief UK economist with Goldman Sachs, the US curities house.

Although the overall assessment is depressingly uniform, the City has split into two

unequal schools of thought, in terms of adherents, concerning what Mr Lawson will do in his

Most see the Chancellor resisting, reluctantly, the temptation to do much by way of tax cutting. Of these, some see no cut in the basic rate of tax; others see a 1p cut at most. All agree that he is most likely to over-index tax thresholds and allowances as a boost to the low raid specifically and the middle income earners gen-

erally.

A minority, however, think
Mr Lawson might attempt
another bold move on the fiscal front while at the same time keeping monetary policy tight. "The Chancellor may surprise the markets by announcing tax reductions of up to £5bn yet forecast a hud-get surplus of £12bn, says Mr Malcolm Roberts, economist at Salomon Brothers, the US securities house.

Mr Lawson and his senior advisers at the Treasury are fond of emphasising that budgetary and tax policy is medi-nm-term. Taxes are not adjusted for purposes of "line tuning" the economy but to

improve incentives to work harder, they say.

There is general agreement among the two camps about interest rates: the 1989 budget will be the first this decade not

to be followed by an officiallyguided cut in bank base landing rates. Tha Treasury has, in the past, liked to see a post-budget cut in interest rates; it was one

way they could claim financial market endorsement for the budget's strategy. This year, the need to maintain a strong exchange rate, to buttress the fight against resurgent infla-tion, argues against such a cut in interest rates.
"I rather doubt if he'll risk a

cut interest rates," says Mr Ian Harwood, economist at Warburg Securities. Mr Bill Martin, economist with brokers UBS
Phillips & Drew agrees: "The
budget is a sideshow to what
happens to sterling. The question is do they raise interest
rates to defend starling or not
when it comes under selling pressure."

Most analysts have con-

structed cautions packages of adjustments to tax rates and benefits which produce, on

average, a net tax cut of any-where from £1.5bn to a little more than £2bn in the first year. . a fairly modest affair given last year's £4bn cut in taxes. The options include:

 Over indexation of allowances and tax thresholds. By law, Mr Lawson is encouraged to raise the main personal allowances (singla, married and age allowances) by the equivalent of the rise in the retail prices index during the

previous calendar year.

In the year to December
1988, the RPI rose by 6.8 per
cent. Each I percentage point
increase in allowances and tax
thresholds above the required amount will cost the Exche-quer about £205m in 1989-90. Double indexation of allowances would cost nearly £1.4bn.

• Reform of National Insurance contributions. If Mr Law son wants to present a "budget for the low paid", and so redress criticism that last year's budget was for the rich, he could attempt a modest

eform of these contributions. Mr Davies believes Mr Lawson might adopt a suggestion of the Institute of Fiscal Studies and convert the £41

threshold at which NICs become payable into an allow-ance. The full-year cost of this would be £1 %bn.

Mr Stephen Hannah, economist at NatWest Capital Markets, thinks he will be less ambitious and just raise the threshold at which NI operates. The beneficiaries will be part time and souncer workers but time and younger workers but, perversely, it will raise more

 Make further cuts to the basic rate of tax. "He'll cut the basic rate to convey a sense that the economy is on track," says Mr Martin. A cut of ip off the basic rate would cost £1.4bn this year and, while quite affordable, it is not a policy move which would find universal appeal in the City.

. In today's jargon, the risks are seen as being "asymmetrical." If Mr Lawson is too tight now he can loosen up with lower interest rates later and not damage the economy. If, however, he is too generous on Tuesday he may well have to raise interest rates much ligher than they currently are higher than they currently are and risk a possible recession.

### Black & Decker in pricing row

ing the investigation.
The OFT discovered that

eight retailers had either been

threatened or had supplies cut.

The most significant, according to Black & Decker, concerned

the Argos catalogue shop chain, owned by BAT Indus-tries. Black & Decker withheld

supplies and only started ship-

By Christopher Parkes, Consumer Industries Editor

BLACK & DECKER, the power tool maker, has refused to bow to a ruling from the Office of Fair Trading that the com-pany's policy of cutting off sup-plies to retailers which sell its products at reduced prices is anti-competitive.

The issue is now likely to be taken up by the Monopolies and Mergers Commission, which will judge whether Black & Decker's long-estab-lished practice is against the public interest.

Had the company under-taken to scrap its policy, the matter would have been closed, and not referred to the Monop

The Office gave its ruling on a sample charge, brought by Woolworth Holdings, parent of B&Q, Britain's largest doit-yourself retailer. Black & Decker had threatened to stop supplies of Workmate benches offered at promotional prices, and of heat guns, which, it claimed, were being sold as "loss-leaders" for £17.95, com-

accounted for a 66 per cent share of the £114m British marpared with the £19.95 manufacturer's recommended price. Retailers have been at odds for years with their biggest supplier of power tools. They said yesterday that there had been a noticeable "softening" of Black & Decker's policy during the investigation. ket for do-it-yourself power tools and workbenches.

ping to Argos again when the prices were raised in May. The OFT said that while it was permissible under the Resale Prices Act for a mannfacturer to refuse to supply a retailer which sold its products as loss leaders, this could be anti-competitive under the Competition Act when applied by a company with Black & Decker's market power.
Last year the US-based group

It said in a statement yester-day that it would welcome an opportunity to demonstrate to the comission that its policy worked in the interests of the consumer. It argued that widespread price-cutting among the dominant multiple chains would drive smaller retailers out of the power tool business reduce the number of service and repair points, and ultimately lead to higher prices. Only the major retailers could afford to run loss leader offers. However, the Office did not

accept that competition was increased by having a larger number of retailers stocking Black & Decker products when those retailers are not free to compete on price." It also concluded that the effect of the policy was that average prices of the products were higher than they would

### **US** bank releases \$77m Libyan funds

By Raymond Hughes, Law Courts Correspondent

MANUFACTURERS Hanover Trust has released nearly \$77m of Libyan funds which had been frozen for two years by former US President Reagan's anti-terrorist sanctions against

Libya.

The release of the funds was authorised by the US Treasury after a High Court ruling last month in favour of Libyan Arab Foreign Bank, which is owned by the Libyan central

bank. The court rejected MHT's argument that it could not comply with the Libyan demand for the funds withoutbreaching the presidential sanctions and laying itself open to criminal proceedings in the US.

Libyan Arab Foreign Bank had claimed two amounts: \$41.3m frozen in MHT's London branch and \$35.6m which the Libyans claimed had effectively been transferred from New York to the London account hours before the presi-dent's sanctions order. MHT claimed that there had been no effectiva transfer of

the second sum.

This represents the third time the US Treasury has allowed an American bank to release frozen Libyan funds after legal proceedings in In October 1987, Bankers

Trust was authorised to pay \$292m plus interest to Libyan Arab Foreign Bank after a High Court decision in the Libyans' favour.

Last November, MHT was licensed to pay over \$18.45m to Umma Bank, another subsid-iary of the Libyan central bank, shortly before the matter had been due to come to the High Court.

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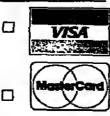
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LONDON, 26 & 27 April 1989

The Financial Times' eleventh conference on World Electronics is to be held in a period of major restructuring and relentless international competition and will take as its theme — Europe's role in an international industry. A distinguished panel of speakers will lead the debate reviewing the challenges and opportunities for Europe's electronics business and the forces which are driving structural change in the industry. Contributors include:

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Maggie Steed and Joely Richardson

### Steel Magnolias

LYRIC THEATRE

Good acting, funny lines, shame about the play. Robert Harling's Steel Mognolias is an off-Broadway hit that has bypassed Broadway and surfaced with an all-British cast on Sheffeshame Avenue directed. Shaftesbury Avenue, directed hy Julia McKenzie, who was responsible for the last attack of palatable locker-room femi-nism to tickle the West End.

In that last play, the girls got to dance in a draughty night school. Here they turn up to Truvy's Beauty Spot, a parlour in downtown suburban Louisiana, to have their nails painted and their bair ruched. "No such thing as natural beauty", drawls the propri-etress, while a client cheerfully remarks apropos of a nice scarf, that it is only our ability to accessorise that separates us

The lurking dramatic meta-phor here is one of titivation as a complement to, even substitute for, parturition. But the weakness of the play is that everyone seems to be conveniently on hand when any-thing happens. The life of the parlour is deadly and circum-scribed. Which may be the point, but the price is theatrical inertia. You feel you are

sitting in a television studio. Slight personality tensions are developed between Truvy. played by the imperious, crane-like Maggie Steed, and the new assistant Annelle, the scatterbrained jackdaw Janine Duvitski; and between the former first lady and football hearty Clairee, whom Steph-anie Cole constructs with deft flourishes, and the screeching sloppy dog-lover Miss Oulser, Jean Boht firing on all, but not

quite sufficient, guns. With Miss Steed gaining her supertor hand of inter-changeable quips - "Tims

marches on and eventually it marches across your face" - is a peach, the action finally coheres, sort of, around the central mother and daughter relationship of M'Lynn and Shelby. As a diabetic, Shelby has been warned off having children. By the second act she has had a child but is on dialy-sis. M Lynn donates a kidney. The rest is both silence and

very, very predictable. The emotional screws are turned and people all around me last night were sniffing into their Kleenez. This was mostly to do with the wispily tremulous quality of Rosemary Har-ris as M'Lynn. Miss Harris bides her time for two hours, then starts to act. She never seems to relate to anyone else on stage, but makes a big deal

the scene comes.

I much preferred the feisty mood-switching display of Joely Richardson as her daughter. This young actress, an expressive gazelle from the Redgrave dserpark, has a direct line to collective heart and instinct, always a sure sign. She is wonderful. I am fascinated, though less so than when there was evil added in Peter Greenaway's Drowning By Numbers, or incipient breakdown in the current Behaving Badly on Channel

Miss Ouiser signs cheques for the local cultural bashes: "I'll support art, I just don't wanna see it", a line that struck a big nerve. But this is essentially a play about hair-dressers, for hairdressers, that would not look out of place at the Bush Theatre if anything more pertinent and brisk was not forthcoming from Beth Henley or James McLure

Michael Coveney

#### **CINEMA**

### The joy of seduction

he following things can be instant death in the cinema: peri-wigs, pompadours and plotlines propelled more by conversations or the exchange of letters than by what the film world might call

Dangerous Liaisons, directed by Stephen Frears and scripted by Christopher Hampton from his stage play of Choderlos de Laclos's 1782 novel, is a triumph. It should not work but it does. Without "npdating" Laclos's story, Frears and Hampton have dragged it firmly into the 20th century. The anthor's icy sexual strategists, the Marquise de Merteuil and Vicomte de Valmont (Glenn Close and John Malkovich), have been re-minted them as modern neurotics. Or even nsychotics.

The film is at once febrile and formalised: the plotters' high excitement at the evil they do masked by a sumptuous epigrammatic detachment. In a wordless prologus Mar-teuil and Valmont, ex-lovers now united only by a joy in seducing innocence, dress, rouge and powder themselves for the fray. Thereafter vitality and formality, mask and emotion, perform a mesmeric dance for two hours.

Two hundred years after the book's creation, Laclos's crotic wit still shocks us into nervous laughter. When the vengeful Marquise de Merteuil proposes that Valmont deflower the vir-ginal Cecile, Valmont refuses on the grounds that it would be "too easy." The greater chal-lenge is to seduce the maturer, married Mme de Tourvel (Michelle Pfeifer): a vessel of honour whose eyes swim with virtue, whose skin is translucent as holy water. (Pfeiffer's superh performance makes goodness seem as queasily fas-cinating as evil.) This seduc-tion opens the trapdoor to passion and to the whirrings of

tragedy.
Director Frears, who delights in plots at once deadran and pizzicato (My Beautiful Laundrette, The Hit), has encouraged Hampton to slice the play's 18 scenes into 200-odd for the film. Result: the images are as swift and capricious as DANGEROUS LIAISONS Stephen Frears

THE MODERNS Alan Rudolph

THE LAIR OF THE WHITE WORM Ken Russell CRAZY LOVE

Dominique Deruddere FIVE CORNERS Tony Bill

the characters' thoughts. When Valmont or Merteuil recounts a story or hatches a scheme, we cut away from the draw-ing-room to glimpse the people they talk about at work, at play or at bed. When letter-writing - that most unfilmic of motifs - becomes integral to the plot, Frears animates and eroticises even this.

Letters are psnned in the
crumpled ocean of a post-ceital
bad, a lover's naked back used

as writing-desk.

The greatest marvel is that Frears has used American actors for his high-style French aristocrats instsad of the (expected) dulcet Britons. The casting refreshes parts of the costume genre usually never reached: it creates a world of sleek, long-vowelled intrigue which fuses yesterday's Old World periphrases with today'a New World social doublespeak. The performances crown the film's achievement. Glenn

Close's Merteuil is a buman vanity pack: a ladylike avenger bloated with bland airs and hloated with hland airs and graces, with a smile like a kitchen knife. Even better is John Malkovich's Valmont, a mutant smoothie at once repellent and hypnotic. With his long face, feline lashes and pursed mouth Malkovich is pursed mouth Malkovich is Tenniel'a Cheshire Cat seen in a distorting mirror. As Val-mont he tends his cruelties and lisping epigrams like prize hlooms. And when his poise falters, when passion briefly. fatally usurps dispassion, the effect is terrifying. It is the point when we realise that

erotic divertissement for pre-revolutionary France, it a great morality tale.

Alan Rudolph's post-revolu-tionary The Moderns is about life in 1920s Parls among the "Hello, Hemingway, have you met Gertrude Stein?" set. After the Press show surrounded by the Press show, surrounded by colleagues who volubly loathed a film I rather liked, I felt like a lone cannibal at a vegetari-

ans' convention.

True, The Moderns has its idiocies. Much of the dialogue is by Rent-an-epigram; the plot is Casablanca Meets Moulin Rouge: and among the cast Kevin O'Connor's Hemingway stands out as a special embar-rassment, delivering tipsy-ma-cho profundities like "There are only two things that can kill a man, suicide and gonor-

But there is also much snaky sophistication and a script, by Rudolph and Jon Bradshaw, that lampoons artistic preten-sion while never dumbly voting for philistinism.
Our hero is a young Ameri-

can painter in Paris (Keith Carradine) who supplements his daily crust by doubling as a newspaper caricaturist. He can also forge Cazannes and Matisses at the call of dippy socialites like Geraldine Chap-lin or gallery owners like Gene-vieve Bujold. Who should trip into his life one day but old into his life one day but old flame Linda Fiorentino, now married to menacing art collec-tor John (Last Emperor) Lone? Before Mr C can say, "Here's looking at you, kid" to Miss F, he has run foul of Mr L and inadvertently double-crossed Geraldine C. Escape to New York hegins to seem an awfully good idea. Especially since the screen is now filling up with Gertrude Stein (Elsa Raven), Alice B. Toklas (Ali Giron) and Wallace Shawn in

drag. Writer-director Rudolph (Welcome to L.A., Choose Me) turns a project full of period-piece pitfalls into a lightfooted art-world parable. In a designer Paris of painted backdrops and Fauvist roofscapes, his cast tangle with reality and illusion in love, art and lifestyles. While lightly handying its pro-



Dangerous Liaisons: Glenn Close, John Malkovich and Michelle Pfeiffer

are the true moderns? Are they the inbred aesthetes of Europe conditioned to applaud the Lat-est Thing? (When a furious Lone hums the suspected forgeries he has bought from Car-radins, a guest comments "Another Dadaist provoca-tion!") Or are they the New World sceptics (Carradins, Shawn, Florentino) ready to flee thoroughly passé Paris for thoroughly modern Manhattan? Do not feel you must know the answer just enjoy the skill with which the film puts the question.

The Lair Of The White Worm is Ken Russell's contribution to Red Noses week. Or possibly Red Faces week. "Can I help you?" asks the lady with the tricorn hat and all-white High-wayman-style ensemble, who has just appeared at dead of night beside the prowling con-stable (Paul Brooke) who has been hitten in her grounds by a snake. Soon the lady (Amanda Donohoe) is revealed as a worm goddess local to the Der-hyshire Peak District. And soon a cast of young people with bewilderingly assorted accents (Sammi Davies and Catherine Oxenbergh eeh-bah-

gooming, Peter Capaidi och-ay-eing and Hugh Grant oh-I-say-ing) are showing that in Britain class or regional differ-ences mean nothing when it comes to joining forces to destroy unwanted worm god-

Ken Russell's film, based on Bram Stoker's last story, is profoundly dotty. Somewhere around Reel 58 the cod-horror jokes, bad acting and video fantasy sequences (snakes twined round crosses, impalements, cavorting nudes etc.) begin to pall. But before then much fun may be had in the full and comforting knowledge that our Ken seems finally to that our Ken seems finally to be off his trolley. Either that or he has shrewdly decided that his style has nowhere to go but

into self-parody.

Dominique Deruddere, the Belgian writer-director of Cruzy Love, might have graduated from the Ken Russell School of Certifiable Excess. Based on a Charles Bukowski story, this time-hopping tale escorts the same hero (Josse de Panw) through three decades: as a sex-discovering teemager. in 1955 ("Be careful not to do it too often or you'll get a crooked back warns his schoolmate), as an insecure

adult in 1962 (with crooked back) and finally as a necrophi-

liac in 1976.

By this point the film has become an odd, moody mutant, like an Edgar Lustgarten crime featurette crossed with a drugged Ken Russell film. It packs a punch of sorts, but the punch seems delivered in an energy slow-motion in an

punch seems delivered in queasy slow-motion in an underlit ring.

Five Corners, directed by Tony Bill and written by John Patrick Shanley of Moonstruck, has a likewise erratic punch. Teenage life in the Bronx in 1962 is a merry round of violence and invaries. "Someone 1962 is a merry round of vio-lence and truancy ("Someone murdered our teacher, so we've got the day off" says a school-hoy to his date.) But the scat-tergun plot and east of charac-ters — a psycho released from jail (John Turturro), his endan-gered ex-girlfriend (Jodie Fos-ter), an aspiring civil rights worker (Todd Graf), a kid-manned penguin — mean the napped penguin - mean the wheels of fate have to work overtime to grind the story into any sort of unity. In the process they also grind plansi-bility to powder. Strong in parts, stammering as a whole.

**Nigel Andrews** 

### Zarzuelas

SADLER'S WELLS

de la Zarzuela which opened at the Wells on Tuesday night will bring familiar musical delights and the charm of stag-ings that have a suitably traditional manner. For anyone unfamiliar with this Spanish combination of operata, dance and drama, and eager for melodic felicity, the seasoning of castanets and the rattle of heels, the evening can prove rewarding, and as vivacious as one dare hope when faced with an opera chorus, a group of guitarists, a dozen dancers and great many cheerful cos-

times.

The director, Jose Tamayo, has sought to show something of the history of this essentially Spanish form of musictheatre through excerpts from some of the most famous zarzuelas. Thus, after a prologue purporting to show the birth of the zarzuela in the mid 17th century, we are happily launched into scenes and arias, dances and jollifications, from

of French opéra comique there is a very pretty Bolero for two sopranos from Barbieri's Los Diamantes de la Corona - to the far more disturbing commentary by wounded soldiers returning to their native Zaragoza from the Cuban War in 1898. This scene hints at the roots of the zarzuela in popular reaction to events and social conditions: elsewhere, the music and dance, the sets and the production, have rather more a feeling of the menu touristique. What we are seeing is - as with any exotics brought to our theatre - the tithits, be they from the Hamayana or a Kabuki drama; which tickle

the palate. So this Zarzuela evening is rich in those cliches that we should expect: singing gener ally able, with a comple of sweet-toned tenors and a very well-drilled chorus; an alert dance troupe led by the distinguished Maria del Sol and Mario Lavega; a group of gultarists, and music that Halls a dozen of the best-known examples of the genre.

These are for the most part easily upon the ear. The Wren

For those who know Zarzuelas from the 1850s onwards; the Orchestra under Manuel Mor-from recordings, the Antologia themes range from adaptations eno-Buendia deals idiomatically with the scores, but on the first night the balance between stage and pit was not always happy, and voices were

Zarzuela is not a theatrical

form that invites the wilder excesses of producer's mania, and some of the staging is plain to a point of inanition (and in one or two places suggests nothing so much as the step-to-the-right, step-to-the-left, behaviour of the chorus in Laurel and Hardy's Swiss Miss). Simplicity and imagination combine most happily in an extract from de Falla's La Vida Breve and in a chorus of serenading men from Fran-cisco Alonso'a Coplas de Ronda. It is, of course, essential viewing for afficientates. For anyone not knowing the honest and touching pleasures of zarzuela melody and the flash of temperament that gives particular zest to song and dance, it is worth sampling. The visit is sponsored by Banco Bilbao Vizcaya.

Clement Crisp | stylised versions of walking

### **Paradise**

ICA THEATRE

To call Lumiere & Son's new production minimalist theatre would be minimalist criticism. It bears many of the company's trademarks: Jeremy Peyton Jones' haunting musical score has an urgent lyricism, reu-dered faintly ominous by its deadpan repetitiveness; the text by David Gale is precisely judged, even over-literate; stal-wart Trevor Stuart embodies normality thrown slightly askew by the presence of the prosaically abnormal. Its 70 or so teasing minutes leave tan-

talising questions in the air.
A suited Stuart is discovered at a café table while on panel behind him photographic hlow-ups are projected -images of himself alternating with pictures of a chained escapologist. Rational and ordered to the point of mania, he is considering disappearing

from wife, family, everyday
life – like the thousands who vanish all over the world every year, leaving no trace, signal-ling no intention. He discusses this with a faintly tart woman in a Grecian tunic and dress. Their dialogue is interspersed with songs (from her) and for-malised dances which may be

away or possibly scratching an Corder provides the lighting besides the projections).

Melanie Pappenheim is the stchy bottom on the scanery.

Hilary Westlake has devised the show, a meeting between sharpish agent provocateur; for untramelled liberty and destiny as a schoolmann with

son and Joselyn Pook are the musicians, with experience in musicians, with experience in West End musicals, Derek Jarman films, Offenbach and the Communards (the modern pop group, not Offenbach's rebels) to their various credits.

As so often, I feel that ultimately Lumiere skirts round the issues set up but the core. Isadora Duncan tendencies. The music is provided by three girls, perhaps fates, who instead of cutting the strings play on them. In identical red curis the violinist, violist and cellist utter the occasional rhymed couplet in unison and

the issues set up; but the company's quirky, graceful assumption that the audience has an intelligence is espe-cially welcome at the ICA, where they stay until March

Martin Hoyle

1

#### SALEROOM

### BR profit from paintings

The British Rail Pension Fund's disposal of the works of art it bought during the 1970s continues apace. Yesterday at Sotheby's it off-loaded a half dozen British paintings, and showed a very nice profit on its gamble.

join in the dance.

Lumiers & Son remain the most likable of performance art groups, carefully prepared, articulate, not scorning the

spoken word but capable of

evocative visual spells (Simon

For example a picture by Arthur Devis, the mid 18th century portrait painter to the gentry, of Mr and Mrs Robert Dashwood of Stanford Hall in Notts sold to Leger, the London dealer, for 1308,000, a record for the artist. It was a substantial improvement on substantial improvement on the £26,000 that the Fund paid for it at Sotheby's in 1975 and sold for over three times its top

The highest price in a Brit-

ish picture auction which totalled £3.265,020, with 14 per cent unsold, was paid for a very rare oil painting by Richard Parkes Bonington of the Grand Canal in Venice, it went for \$210.000 at the bettern of for 2319,000, at the bottom of its estimate, to the dealer Fal-gin, and could well be destined for export. Bonington, who died at the age of 27, only painted six oils of Venice, and this one was owned by Sir Rob-ert Peel. Efforts should be made to keep it in the UK, even though the Pension Fund had loaned it to the Santa Barbara Museum in California.

London dealers were very ective. Heim paid £187,000 for a Van Dyck portrait of Ann Carr, Countess of Bedford, which sold at Sotheby's in 1978 for £34,000, and Spink acquired a fine view from Richmond Hill looking west by Leonard Knyff for £181,500, another artist record. It was painted in the early 18th century and there is a companion piece in the Orleans House Gallery in Twicken-

ham.

A Gainsborough landscape of around 1763 more than doubled its top estimate at £140,800, to Leger, and a view of the 1833 Derby, with the horses passing Tattenham Corner, by James Pollard, sold privately for £132,000. Among the other sporting pictures there was a record for Satorius of £123,200, for a portrayal of the Surrey Hounds near Leatherhead around 1820 with Henry Boularound 1820 with Henry Boulton as Master. All in all the auction confirmed the strong current demand for British pictures of all periods, a reflection of national prosperity.

Sotheby's, along with Knight Frank and Rutley, had been entrusted with the sale of one of the boost counter small inde-

of the most popular small inde-pendent museums in the compendent saussums in the came-try — the London Toy and Model Museum at Graven Hill in Bayswater. A price of thin is expected for two mid Victorian houses and the contants, a cor-nucopia of thys, from dolls to trains. The collection has been built up in the last decade and includes everything from 18th includes everything from 18th century dolls to model trains by German firms like Bing. The new owners will be expected to take on everything. The museum has almost a million. mainly young, visitors a year.

Antony Thorncroft

#### Booker Prize revalued

The value to the winner of the Booker Prize for Fiction has been increased from £15,000 to £20,000. The panel of judges for this year's prize will be chaired by the novelist, David Lodge.

The other judges are Maggie Gee, Helen McNeill, David Pro-fumo and Edmund White. The winner will be announced on October 26 at a dinner at the Guildhall.

#### **ARTS GUIDE**

EXHIBITIONS

The Royal Academy, Italian Art in the 20th century: after German and British, the third in the Academy's roughly biennial sequence of major national surveys. The works in themselves are well chosen throughout. never less than intriguing and often very beautiful. All in all it is a remarkable exhibition. it is a remarkable exhibition. Doily until April 9, except Good Friday; sponsors Alitalia and

The Barbican Art Gallery. The Last Romantics. A fascinating study of the romantic, symbolic and decorative strain in British painting, that links Burne-Jones and the later pre-Raphaelites to Stanley Spencer and the Slade muralists of the 1920s. Daily until

April 9.
The Whitechapel Art Gallery
(in collaboration with the Fundacio Joan Miro, Barcelona), Joan 1929-41 — a study of the purest and most abstracted of the Surre alists through the period of tran-sition from his earlier, directly figurative work, to the final con-firmation of his mature and most characteristic manner. Daily except Mondays until April 23 - sponsored by Citicorp/Citi-

The Hayward Collery, Leon-ardo da Vinci: Artist, Scientist Inventor. The most compreheninventor. The most comprehensive exhibition ever staged of the drawings of Leonardo, including 88 from the Royal Library at Windsor. Daily until

April 16. The Hayward Gallery. La France: Images of Women and Ideas of Celebration of France, the Revolution Revisited. Daily

until April 16: then on to the Walker Art Gallery, Liverpool, May 3 to June 11.

Grand Palais, Paul Gauguin. Coming after Washington and Chicago, 250 works from all over the world form an important retrospective of the legendary peintre moudit. Until April 24, closed Tue, late closing night Wed 42 of 58 20.

closed Tue: late closing night Wed (42 96 58 30).

Louvre. Closed for repairs until March 30.

Centre Georges Pompidou. Tinguely's tinkering genius sets his machines swirling and whirring in a riot of colours, yet the mood of the 100 exhibits moves from the exuberance of invention to metaphysical preoccupations in his recent works. Closed Tue. Ends March 27 (42 77 12 33). Ends March 27 (42 77 12 33).

Le Louvre des Antiquatres. A show of willpaper from 1720 to 1930. The exhibition displays 300 samples of this minor decorative art and shows how its development followed and underlined. opment followed, and underling the changes of fashion, 2 Place du Palais Royal (42 97 27 10), Closed Mon, ends April 2. Musée des Arts Decoratifs, the intimate world of Alexander Calder. some 300 works, most of them gifts to family and friends and, as such, exhibited for the first time, show the inventiveness and sense of humour of the sculptor. Ends

May 21. Closed Mon and Tue (42603214). Musée d'Orsay, Paul-Emile Miot's photographs from Tahiti 1869-1870 show the melancholy reality behind Gauguin's dreams of an exotic paradise. Closed Mon, ends April 23 (40494814). Musée du Luxembourg. Trea-

sures of Gallo-Roman Silverware. The splendour of Roman silverware.
The splendour of Roman silversmiths' work is brought to life
by the rich finds on the territory
of Roman Gaul. 19, rus de Vaugirard (42342595). Closed Mon, ends

April 23.

Musée de Cluny, Medieval art in Paris. The abbots of Cluny built their magnificent late Gothic town house in the heart of the Latin Quarter on the blackened ruins of Roman beths. Place Paul-Painlève, Métro Odéon. Closed Tuesdays and lunchtimes.

Musée Royaux d'Art et d'His-toire. Tibet – Terror and Megic, sculptures and paintings of lams ist gods on loan from the Musee Guimet, Paris. Closed Monday and Meri 14 (72) 6510)

ends May 14 (733.9610).
Fondation pour L'Architecture. From Masters to Students.
25 years of Architecture at the Academy of Fine Arts, Brussels.Closed Monday. Ends March 26 (649 0258).

Nationalgalerie, Potsdamer Strasse 50. Guggenheim Collec-tion. Around 60 paintings from the Solomon R. Guggenheim Foundation in New York and Venice with Works by Picasso and Pollock are exhibited. Ends March 19.

Heinz Berggruen's Paul Klee collection. Kunsthalle, Philoso-phenweg 76. The exhibition concentrates on the painter's most important period 1919-1925, with

around eleven paintings, ninety aquarelles and gouaches as well as nine drawings. Both events marked the paintings in this col-lection. Ends April 16.

Kunsthalle der Hypo Kulturstif-tung. Retrospective of Paul Del-vaux. This exhibition with 66 vaux. This exhibition with 66 pieces from all periods is the first big presentation of Delveaux's works in Germany. The 91-year-old Belgian peinter first became famous for his surrealist work in the 1880s, influenced by De Chiricos and Magritte. The main subject of his paintings are naked women in classical settings and landscapes from his homeland. Ends March 19.

Kaethe Kollwitz Museum.
Kaethe Kollwitz (1867-1945). 120
eeriy works by the German
graphic artist Kaethe Kollwitz,
from the Dresden copper engraving cabinet collection, are exhibited for the first time outside

Dresden Neumarkt 18-24 Fode Dresden, Neumarkt 18-24, Rads

The Bank for Arbeit and Wirt-schaft. A large and varied exhibiscient A ing and water col-ours by George Eisler, one of Austria's best known painters, is on show. Eisler left Vienna during the War, lived in Manchester but was one of the few artists to return there. Ends April 20. Secession. There is always some

exhibition by Austrian artists on show here. But it is also

varinwhile to go downstairs and see Klimt's Beethoven Fre which has been restored to its original place. The Secession, home of Vienna's fin-de-siecie painters, has been wonderfully estored

restored.

Austrian Museum for Applied Arts. Calling it Design-Wien, Peter Noever, the director has brawn together a collection of works Austrian artists, designs and architects to show just how creative the country's artistic community has been over the past two decades, despite a cartain conservatism towards the arts. Ends March 27.

New York

National Academy of Design: The 164th annual juried exhibition includes 133 works. In accor-dance with a rule change in 1981, this show comprises work only by academy members, alternat-ing with open competition in

mg with open confection in even numbered years, Ends March 26. Pierpout Morgan Library, Master drawings borrowed from Hol-land's oldest museum, the Taylor in Harlem, focuses on work by
Michelangelo, Raphael, Golzius,
Rembrandt and Guercino among
100 pieces from the 18th and 17th
centuries. Ends April 30.

Museum of Modern Art. In
advance of its arrival at London's

Hayward Gallery in November, the first retrospective of the work of Andy Warhel since 1970 work of Anny Warner since 1970 surveys all his work from the 1960s, covering the Campbell's Soup cans, silkscreens on canvas of Elvis, Jackie Kennedy, Marilyn Monroe and other movie stars, disaster paintings and

March 3-9

numerous self-portraits. Ends May 2.

Washington

National Gallery of Art. Cézanne: the Early Years. Already seen at London's Royal Academy of Art and the Musée d'Orsay in Paris, the exhibition comprises 65 offs and 35 draw-ings chousing Cézanne's protection ings showing Cézanne's proto-im-pressionist techniques from 1899 to 1872. Ends April 30.

Art Institute. As part of a national tour, 67 rare ancient Greak sculptures, brouses, and painted terracotta trace the development of the human form in art from the tenth to the fifth centuries BC. Ends May 7.

Tokyo

National Museum. Treasures from the Ninneji Temple in Kyoto. This Zen temple was Kyoto. This Zen temple was founded in 888, but most of its present buildings date from the 16th century. Closed Mondays. Striped House Museum. Exhibition of paintings by Kiyoshi Kotzumi, third son of the late 16th century water. Infection 19th century writer, Lafcadio Hearn, who became a naturalised Japanese citizen.

Japanese curren.
Japan Folkcraft Museum,
Komaha. East Meets West:
ceramics and etchings by the
two greatest potiess of the 20th century, Bernard Leach and Hamada Shoji, who were lifelong friends. The museum is housed in a beautiful old farmbouse. Closed Moudays.

THURSDAY MAY

m painting



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### FINANCIAL TIMES

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Thursday March 9 1989

### Lure of trade management

FACED WITH failure to contain the US trade deficit and worried by loss of competi-tiveness against Japan and other East Asian suppliers, opinion-leaders in the US are increasingly tempted by the notion of managed trade. The latest evidence of the trend comes from a report by the influential private sector Advi-sory Committee for Trade Polsory committee for fractions. The Administration should, it suggests, identify sectors where US companies are competitive on a worldwide basis, but are unable to penetrate the Japa-nese market. Thereupon, it should negotiate "appropriate" import levels into Japan, under

threat of sanctions. The report is dressed up in a lengthy analysis of the macroeconomic dimensions of the bilateral trade problem. But it bilateral trade problem. But it is its worrying conclusions on managed trade that deserve to be taken seriously by the world at large, even though Mrs Carla Hills, the new US Trade Representative, has expressed distaste for them.

There is a deep fear in the

There is a deep fear in the US that Japan's economic success, symbolised in its trade surplus, is a threat to US lead-ership and even its national to continue even though spe-cific trade frictions between the two countries have recently abated.

Piecemeal hammering

The Reagan Administration tried to deal with the "Japan problem" by hammering away at identifiable trade barriers piecemeal. Since there is no mileage left in this approach, the report concludes that the Japanese must be told to change their culture and overcome their aversion to imports. The demand itself is indefensible. The purpose of liberal trade is, after all, to allow peo-

ple to satisfy their desires

more fully, not compel them to change those desires to suit another country's convenience. The idea is no less disturbing at the practical level. Per-haps out of misplaced polite-ness, Japanese negotiators sometimes indicate acceptance of an import target, as hap-pened in the case of semiconductors. Such an agreement is worthless in practice, however, because the Japanese Government of them.

ment is unable to deliver. Jana nese acceptance of such targets confirms the fantasy that Japan is a planned economy; failure to meet the targets merely confirms suspicions that they cheat.

The authors of the report argue, disingenuously, that all countries would be allowed to benefit from Japan's agreement to open its market to imports. In practice, the quantitative targets for imports would be in response to US pressure. To the extent that the Japanese anthorities are able to influence imports at all, they are bound to give the US the first slice of the cake, leaving the rest of the world to scramble for the crumbs.

#### Conflicts in Gatt

Experience in the semiconductor field has already dem-onstrated that tinkering around with formulae for market access leads to frustration and conflicts within the Gatt The result is to endanger the co-operative relationship with Japan on the macroeconomic ssues, quite apart from setting a bad example to the European As the report itself states,

the greatest single contribution to a reduction in the bilateral deficit would come from balancing the US budget. This, the authors admit, is unlikely, which is why they recommend alternative specific action on trade. The logic is extraordinary, Being unable to solve the underlying problem, the symp-tom - the trade deficit - is blamed on the unfair practices of trading partners. Thereupon a solution is offered that is most unlikely to work, but is certain to endanger the multi-lateral trading system.

One of the most influential books on the Japanese "threat", Trading Places by Clyde Prestowitz, alleges that the US has allowed Japan to surpass it as an economic power. If the report's recom-mendations for the pursuit of a bilateral approach to manage trade were accepted, the US would, indeed, be trading places, but not with Japan. The US would, instead, be convert-ing to the international economic ideals of the Soviet Union, precisely when Mr Mik-

### China's tactics in Tibet

THIS WEEK the Chinese have been behaving like the worst of colonial ogres, shooting down unarmed civilians and sending out nightly squads to pick up anyone suspected of taking part in the riots in the Tibetan capital, Lhasa. Over the past two years the Chinese have dependence demonstrators carrying only flags or pictures of the Dalai Lama with shoot-tokill firing.

In the past such protests have been followed by brutal security sweeps through the city. When Lord Ennals, the British parliamentarian, went to Tibet on a fact-finding misto fact of a fact-mining ins-sion last spring, he was given horrifying evidence of police torture of suspects. With Lbasa to he closed to foreigners tomorrow following the imposireason to think China's security forces will use more palatable methods, Indeed, witnesses in the Tibetan capital said yesterday that troops were massing outside the city, ready to wade in as soon as the last

#### Barbaric behaviour

Hitherto Peking has been largely immune from criticism for this barbaric behaviour. It is now more than time for the international community to ship to make some effort to restore human rights. The Chinese could, at least, he pressed to stop stalling over plans for discussions with the Dalai Lama on his proposals for gen-une Tibetan internal self-rule

under a Chinese umbrella. Since these proposals represent considerable movement away from the traditional Tibetan claim to full indepen-dence, the Dalai has made a realistic and statesmanlike offer which should not be ignored. While several Western governments, including Britain and the US, have in the last few days made etatements deploring the violence and urging Chinese talks with the

Dalai, this is not enough.
It is unthinkable that if, for example, Soviet police had shot down citizens of the Baltic republics in similar protests, the Western response would have been so mild. Less than two weeks ago, when China's best-known dissident, the scientist Fang Lizht, was chased away by police from President Bush's dinner in Peking to which he had been invited, the American protest was muted in

#### Blaring propaganda

For all the blaring propa-ganda to the contrary, Tibet has never truly been part of China. On occasion, Chinese Emperors exerted influence in Lhasa, and that is all. The Tibetans are separated by cul-ture, religion, lifestyle and language from the Chinese, who are in Tibet by force of arms. Peking has not even kept the 1950s agreement which speci-fied Tibetan semi-indepen-

In nearly 40 years as an occupying power, the Chinese record has been deplorable. Numerous Tibetans have died at their hands, either through slaughter after resistance to Chinese forces or from starva-tion caused by Chinese igno-rance. While it is true that everyone suffered in China under the devastating Cultural Revolution, no one suffered as much as the Tibetans who saw almost their entire religious and cultural heritage destroyed. Their traditional agriculture was ruined by the application of extreme Maoist ideas.

ond class citizens in their own country. What little develop-ment has taken place has been mainly for the benefit of

There is more to the Tibetan tragedy than the rape of a distant land. After 1997 Hong Kong will revert to Chinese sovereignty. It will be open to China to exploit the former British territory just as it has done in Tibet, and similarly to crush dissent. Western govern-ments, especially the British, should at least insist that China hehaves with minimum decency in its present colonies

Stephen Fidler assesses US policy on Third World debt

### The Baker plan revised

he US Administra-tion'e review of the Third World debt issue, currently under way, will produce no grand new scheme. Unless, however, it is only to scratch the surface of a worsening problem it will have to change some key assumptions of the Baker plan, the US approach to the prob-lem since 1985.

The Baker plan's aim was to bring about growth through economic adjustment, partly financed by new credits from commercial hanks and stepped-up lending from the World Bank. The scale of funding needed to finance growth never arrived. There is now virtual unanimity that the strategy must be overhauled: the legacy of debt crisis man-agement has been a more sta-ble international banking system but tragic weakness in many of Latin America's frag-

For political reasons, how-ever, any new initiative will have to be presented as an extension of the Baker princi-ples. Mr David Mulford, the Treasury's under-secretary for international affairs, who is in charge of the policy review, has already promised a contin-uation of the Baker plan's country-by-country approach.

Any beneficiaries of a new approach — as of the existing strategy — will be those debtors that agree to economic conditions laid down by the International Monetary Fund and the World Bank.

Given the furore over the bail-out plan for US thrift institutions, the new approach is more unlikely than ever to require funds from Congress. And the administration does not believe it is in a constitutional position to order the banks to make concessions to ease the debt burden. According to one banker, this means the US has "promised not to say the "F-word": forgiveness. That leaves voluntary partic-

ipation by banks as the only way to reduce the crippling burden of debt. This involves encouraging banks to recognise that their loans are not worth 100 cents on the dollar. reversing an approach which up to now has been aimed at maintaining the appearance of quality in bank portfolios. Voluntary debt reduction

accelerated significantly last year. It is unlikely, however, without new impens to make much impact on the \$1.2 trillion of developing country ebt. \$450bn of which is owed by Latin America. Debt reduc-tion techniques have resulted in \$25hn of debt relief since the crisis began (\$15hn in 1988). Much has resulted from debt

restructuring by private com-panies in Mexico, of which there remains little to do Most of the rest has been through debt-to-equity swaps — most successfully, in Chile — in which foreign creditors loans for currency to buy

3rd World loans **Net Capital Transfers** as % of equity of 10 major US banks to/from Latin America 20 \$ billion New lending minus payments of interest and principal 1980 82 84 86 88 Otrs. 1987 1988 Source: IMF, ECLAC, etc. Source: Salomon Brothers

equity in new or existing com-panies in debtor countries.

Brazil had an active pro-gramme in 1983 – debt reduc-tion there is estimated to have amounted to \$50n last year – but in January it suspended deht-equity auctions. This is one symptom of a reaction against debt-equity swaps in Latin America, where they are often politically unpopular. In future, the focus of debt reduction will have to lie elsewhere. A new US plan is likely to

offer further encouragement to debt buybacks. In their simplest form, these entall debtor countries buying back their debt at a discount in the secondary market. The problem is that buybacks requires that buyhacks require reserves, which most debtor countries do not have, or dona-tions, to which most countries do not have access. A buyback last year by Chile was financed by windfall earnings from high copper prices; one for Bolivia by government donors anxious cooperation in stamping out the cocaine trade.

One alternative which does not require reserves is the so-called debt-for-debt swap, in which old loans are exchanged at a discount for bonds carrying a lower face value or lower interest rates. In the case of Mexico, for example, JP Mor-gam arranged an issue of 20-year bonds using zero-coupon US Treasury notes as collareral; and there were so-called exit bonds in the Argentine debt package of 1987 and that of Brazil in 1988. Unfortunately, banks are not

interested in swapping loans for equally unattractive bonds. They want greater security (or a quicker exit). The most efficient way to achieve greater security appears to be some form of official guarantee, pos-sibly by the World Bank, for the replacement bonds. One problem with the Mexico/Mor-can deal was that the allgan deal was that the collateralised principal made up only 17 per cent of the bunds' total ent value. More attractive present value. More attractive to banks, and an efficient option for the World Bank, would be a rolling guarantee of the first two or three years'

interest payments.
There are common problems, however, to all these attempts at voluntary debt reduction. The first is the so-called free rider problem, which means that creditor banks that do not participate in a deal benefit none the less from the partici-pation of others. Free riders have plagued attempts to arrange new loans for debtor countries and could also hinder voluntary debt reduction.

A second difficulty is that reducing the debt burden alone does not, unless the reduction is really big, ameliorate the central difficulty - the huge resource flows from the highly-indebted countries, more than \$30bn in 1988.

Commercial bankers in the US say this can be addressed by the making of new loans through a "menn of options" of different types of lending. This menu, which recognises the increased diversity of interests of lending banks, was seen in its most highly-developed form in Brazil's hig financing package last year. It would be more effective if new loans could be differentiated as senior or superior to the old. However, the "new money" approach will inevitably be weakened by any encouragement to banks to write down debts.

Bankers in Europe and some academics say that what debt-ors really need is to capitalise their interest payments. US banks would suffer from relatively harsh accounting and regulatory treatment of such arrangements, but that could be softened. More fundamental is the fear that once a country was granted interest capitalisation, it could easily increase unilaterally the proportion of interest treated in this way.

Furthermore, interest capi-talisation runs directly counter to debt reduction, potentially ding to rapid growth of debt burdens. And, with capitalisa-tion voluntary (as part of the "menu of options") banks could not be forced either to capitalise interest or lend new money: the free rider problem would not be addressed.

options appear to be these: To encourage debt buy-backs (perhaps through a facil-ity established at the IMF) and deht-for-debt swaps (through greater use of official guarantees for exit bonds, perhaps from the World Bank). Better cooperation with Japan could clear the way for finance. To apply new regulatory pressures to banks to encour-age them to take part in debt reduction. The establishment of new general reserves cushione against poseible future loan losses - for US banks could be made tax eductible. Such provisions, however, currently count towards US bank capital. So the Treasury might prefer reg-ulators to force banks to make

Given all this, the Treasury's

loan write-offs, which are already allowable against tax. Another option would be to allow banks to spread write-downs over a number of years. To improve incentives for banks to participate in debt reduction. Accounting rules for low-interest bonds might be changed, to allow banks to changed, to allow banks to avoid the recognition of losses. The regulatory constraints on bank participation in deht-equity swaps might be loosened. New lending packages could also include commitments from dehtors to a certain level of debt-equity conversions.

To lift the US block on a capital increase of the Inter-American Development Bank, allowing it to hroaden its scope to make policy-related loans, and to encourage the other multilateral institutions to step

up lending. • To increase incentives for virtuous economic perfor-mence in the debtor countries, stressing the encouragement of domestic savings and the reversal of capital flight. The stock of overseas flight capital is estimated to amount to 45 per cent of the foreign debt of the highly-indebted countries. In an ideal world, all this

taken together - combined with sympathetic action from other governments in their roles as tax authorities, bank regulators and creditors -could lead to a sharp drop in the debt burden of countries promising to adhere to structural reform, and a reduction in the huge outflows of capital from poorer countries.
In practical terms,

achievements will probably be more modest. No such plan can address the problems of countries whose economic management is poor. Even if most of these measures are adopted. implementation will not be rapid, and there may still be strong incentives to free riders among the banks. What the US Treasury does with one hand, the US Federal Reserve could wipe out with the other, by pushing up interest rates further. In the meantime, the clock ticks on in Letin Amer. clock ticks on in Latin Amer-ica, where the debt issue could tip the country's new democra-cies back over the brink.

BOOK REVIEW

### In the view of the President

his diary lets drop more big names than deep insights. But since there are so many of the former, there is plenty of scope for the latter. The reader should not be disap-

As President of the European Commission, Roy Jenkins saw more of Europe's leaders than they did of each other. In those days (1977-80) heads of government held three summits a year (now it is a more consider two) and a Commission of the constitution of the commission of the constitution of the European Constitution of European Constit sensible two), and a Commis-sion President has e major part sion President has e major part to play in travelling to national capitals, setting up these meet-ings and gathering together the pieces afterwards. The Commission presidency was not then the power that Jac-ques Delors has since made it, but it still gave the best all-round political view of the Community. Jenkins was right to decide from the start on lit-erary exploitation of this van-tage point, though only he can judge whether his role as dia-rist interfered with his role as

Many will come to this tome wanting to know more about the birth of the European Monetary System, a bonny bouncing boy brought into the world 10 years ago this month under the combined parentage of Jenkins, Helmut Schmidt and Giscard d'Estaing. These readers card d'Estaing. These readers will be a bit chagrined to dis-cover that the diary sheds no fresh light on why Jenkins decided in mid-1977 to try to related in manetary union, going public on it in October of that year in his Florence speech. Jenkins confirms that Schmidt's conversion to the EMS in spring 1978 was due to President Jimmy Carter's neglect of the sliding dollar, But Schmidt's contempt for Carter is hardly news, now or

However, there are echoes of 10 years ago that are of interest today. Jenkins observes that the EMS plan moved fast "because heads of government." provided the direction and the will, whila central bankers handled much of the detail." Might that recipe work again, with central bankers forming a majority on the Delors commit-tee which is due to report next month on concrete steps towards economic and mone tary union?
What set the EMS rolling

was the Giscard-Schmidt axis, on which the Community used to pivot. Jenkins benefited from this Franco-German partnership, but not without mak-ing some accurately caustic observations on it. He recalls his advice to Margaret Thatcher, the new UK Prime Minister, to "try to break up the endless exhibition waliz between Giecard and Schmidt . . . which left the little Five and Italy as bored wallflowers sitting on the edge of the room." He also noted how the French and German leaders covered for each other - "when Giscard hehaves

EUROPEAN DIARY 1977-81 By Roy Jenkins Collins, 225

badly, Schmidt switches off like a husband who pretends not to notice if his wife gets

Some of Giscard d'Estaing's bad behaviour was directed at Jenkins - over the issue of whether the Commission President should be allowed to join leaders of Europe'e Big Four at a Western economic summit meeting with the North Americans and Issuesse. This faintly cans and Japanese. This faintly absurd "War of Jenkins's Seat" dominated the first half of Jenkins's Brussels term, but ended in success. It set an important precedent, giving smaller EC precedent, giving smaller EC states some indirect representation, via the Commission President. However, Giscard d'Estaing carried on his war against the Commission by other means, at one point indicrously charging Jenkins with less majests for actually daring to take a slightly different line to that of the French President at a joint press conference.

at a joint press conference.

Jenkins has one or two meas culpas to confess. At one point he hints that he may have been rather too keen on travelling in private aircraft, particulable his fact that he may have been rather too keen on travelling in private aircraft, particulable his fact that the manual facts in the fact that the manual facts in the facts that the larly in his first two years in Brussels. This appeared to change with press revelations in early 1979 about a German Commissioner e. hotel Commissioner's hotel expenses, and a subsequent court of Auditors trawl through all Commissioners' expenses which would have gladdened Sir John Hoskyns's heart. The report heart. The report revealed interesting national differences: the Germans having a penchant for grand hotels, the Italians for trips home, and the French for flowers.

Jenkins is quite candid about his early mistake in try-ing, before he became Commis-sion President, to get Schmidt to change his men in Brussels. Ha failed, Worse, "both Ger-man Commissioners knew I had tried to replace them." (No incoming President has tried such tactics since.) Collegiality diminished further as Jenkins started to steer the Commis-atom through dinners composed

alon through dinners composed of the "Four Horsemen" — himself, Ortoli, Davignon and Gundelach.

But from mid-1979 Jenkins was, judging from his diary, as interested in plotting his return to British politics as in Brussels. At the same time, of course, the direction of his Commission was knocked aldeways by Mrs Thatcher's demand to "get her money back." His work on the UK hudget issue, Jenkins notes, made him appear to be playing "a British hand." That reduced the desire of other EC governments to keep him on for another term. And that, in turn, made return to British politics not just desirable, but inevitable.

**David Buchan** 

#### The Lady's firm "No"

organisation, which is not nec-essary, and it proposes that compensation should be paid

without saying how - and that sanctions should be

plied with - again without saying how. We believe in call-

applied if rules are not com-

ing conferences to do things

She might be right, of course, about there being no

need for a new organisation

and it is understandable that she does not want to go her-

self. But could she not send

going on, or even to put her point of view? The Overseas

the Department of Environ-

ment, the Foreign Office all have en interest, and would

like to be there. All of them

have had to bow, somewhat

Development Administration,

someone to watch what is

about the environment."

■ Considerable embarrassment among British Government Departments yesterday about the Prime Minister's categori-cal refusal to attend the international conference on the environment in The Hague on Saturday. Mrs Thatcher has, after all, just hosted her own international conference on the ozone layer in London and it would be reasonable to expect her to give backing to other people's efforts. Indeed, one might say that it would be discourteous not to.

Still, the Prime Minister is adamant. She gave her reasons in the House of Commons on February 23, and is sticking to them. Confirming that she would make a speech at her own conference, she went on: "The other conference, which has been called by the French Prime Minister and is to be held in The Hague, is not on specific targets for the environ-ment. It is to form a new organisation, and I respectfully submit that we do not need one, given that we have the UN, the EC, the World Climate Authority and the World Mate-orological Authority. The con-ference is to set up yet another

While there has been some improvement in the last ten years, Chinese chauvinism means that Tibetans are secincoming ethnic Chinese or to supply raw material such as timber to China proper, a pro-cess which is damaging

### **OBSERVER**

reluctantly, to the Thatcher

Even the possibility of sending an observer from the Brit-ish Embassy in The Hague has been ruled out, though someone may attempt to attend the press conference - incognito at the end.

#### Price of peat

■ Ireland has found another product to sell to the many millions of Irish Americans
who hanker after mementoes
of the homeland. This time
it really is a bit of the "Old
Sod." Bord Na Mona, the state run authority responsible for mining Ireland's thousands mining freign s thousands of acres of peat bog, is to sell peat bricks for burning in the Irish American hearth. Packaged and designed only for special occasions, the peat hricks will sell in the US for just under \$10 pear bag. under \$10 per bag - almost 10 times the price back home.

#### Lawyers' talk

A very civilised lunch at Freshfields, the solicitors. Yet one could not help thinking that it would not have happened like that only a few years ago. Here were the senior partners sitting round and talking openly about their problems, lamenting that they had kept themselves to them-selves and had so few contacts

with the media.

Not that Freshfields' prob-lems are all that great. The firm has been growing fast and is concentrating on expanding in Europe rather than the US. But there is a sense of unease that seems to be besetting all the professional classes now that the Lord Chancellor has taken on the legal system and the Government may be about to sort out the doctors. "There is no direct threat

to us," said Michael MacCabe, the managing partner. But he

"It's a compulsory purchase order from BR."

worries about getting the right recruits in a competitive mar-ket for graduates. Freshfields, in fact, is glad to fall back on what they call the "colonials": Irish, Scots, Canadians and Australians

There is no real threat of

a takeover either, since the firm owns itself. Still, MacCabe and Hugh Peppiatt, the senior partner, do just wonder about how some of the old stockbroking firms were taken over by the American houses. And they worry rather more about the accountants. It is the latter who are seen as the wave of the future, moving into more and more areas of business.

A takeover bid from Peat, perhaps? "Well, not yet, and certainly not for us," is the response. But it is interesting that people have begun to talk

In one sense, however, Freshfields' self-confidence has grown. "A few years ago," said Peppiatt, "we would never have dared to move away from our City huildings." Later this year it is moving to Fleet

Street - "now that the news-papers are out of the way".

#### Gold auction

■ The Vikki Harris Laser Fund at St Bartholomew's Hospital London, which I wrote about in Monday's Observer, is already rising thanks to the generous response of readers. Some have sent cheques here; others are doing so directly to the Vikki Harris Laser Fund, Independent Order of Oddfellows, Pride of Islington Lodge, 70 Ronald's Road, London N5 1XN. One anonymous reader sent a £10 note and a

line saying, "Good luck, Vikki," Thank you to all. Another reader, Charles Wyatt, has presented us with

wyait, has presented us with a lump of specimen gold ore, which he suggests that we should auction for the fund. The suggestion is accepted. The specimen comes from the Clogau St Davids Gold Mine at Bontidu, near Dolgallau, Gwynedd. It is the mine that has traditionally supplied gold for novel wedding rives. gold for royal wedding rings - the Queen Mother, the Queen, Princess Margaret and Princess Anne. Most of what was left of the original nugget was used for the ring for the

Princess of Wales.
The remainder of the specimen ore was presented to the Queen in 1981, except for one small part which Wyatt has now entrusted to us. He has his own reasons for being grateful to Barts.

Wyatt says that its market value is probably around 2500. It is unusual in that you can see the gold on the outside. Would anyone who would like to bid for it please name their sum in a letter to Observer at The Financial Times, 10 Cannon Street, London EC 4? The deadline will be Monday March 20. The ore will go to the highest hidder.

Colour blind ■ Sign in a Hampshire hairdressers: "Invisible hairnets. Choice of six colours."

#### COULD YOUR MONEY **BE WORKING** HARDER FOR YOU?

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When it's a question of money Talk to the people at the Northern Money Show



conomists and journalists love calling on the Chancellor of the Exchequer for a clear statement of monetary policy in his Budget speech. Sometimes the demand is for a restatement of the Medium Term Pinancial Strat-egy (MTFS) which Nigel Lawson took a lead in launching when Financial Secretary under Sir Geoffrey Howe in

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These calls ought to carry a health warning. For a wrongly formulated restatement would do much more harm than no restatement or continuing to muddle through.
It is virtually costless for commen-

tators and advisers to urge their own favourite formulations. If these do not work, this will be grist to their mills. For they can go on suggesting revised ideas in future years while the Chancellor is left carrying the blame.

As it is, in any case, already far too late to infinence the Budget Red Book, it will be more useful to summarise the blatters of the summarise th

marise the history and principles of the MTFS and thus explain the

the MTFS and thus explain the accompanying porcupine chart.

Like most other immovations of the present Government, the roots of the MTFS go back to earlier periods. Moreover the strategy has a fiscal as well as a monetary aspect. The fiscal aspect goes back to none other than Lord Plowden, who chaired a committee which recommended a forward look at the public spending stretching several years ahead, instead of stopgap year-to-year management. These Plowden surveys have been published since the early 1960s.

since the early 1960s. The early projections had two major drawbacks. First they were in funny money. That is they were not in cash but in so-called volume terms. Secondly expenditure plans were originally set not against tax revenues but against projections of "real

An initial aspect of the MTFS was therefore simply to put expenditure projections, in cash terms, side hy

side with revenue projections, together with some objective for the overall balance of the Budget.

The fiscal aspect has been an unsung success. Officials did "get their sums wrong," as they overestimated deficits and underestimated surpluses. But no one officials are the control of the surpluses. surpluses. But no one gets the sack in e private organisation for benign

The object of the monetary side of the MTFS has been to state monetary objectives for more than one year ahead. At a minimum this keeps the Government and public minds focused on the need to carry on reducing inflation over a longer period so that it comes down, if not literally to

zero, at least to a low creeping rate.

There was a more specific desire to affect expectations. If employers and unions expected increasing downward pressure on infiation in the years ahead, they would, it was hoped, eventually adjust their wage and price behaviour accordingly. Thus the Government's counter-infiationary objectives could be achieved at a smaller cost in jobs lost and output forgone than if business merely found to its surprise that monetary policy ECONOMIC VIEWPOINT

### Financial strategy's porcupine destiny

By Samuel Brittan

continued to be tight.

As we know, the monetary side proved far more difficult. Because of both financial innovation and the effects of economic change it became extremely difficult to predict money holding habits or the velocity of circulation. There have been no less than six restatements of either the aggregates or the target ranges. No wonder the MTFS did not succeed in influencing expectations and inflation came down painfully in the early 1980s due to the brute facts of recession and an overvalued pound.

Overvaited pound.

The various monetary targets are often known as intermediate objectives, because there is an underlying aim that they have all been designed to serve. This aim has been to provide what Nigel Lawson and his chief economic adviser, Sir Terence Burns, call a "nominal framework." They mean a growth of spending in cash terms sufficient to support real growth but not

growth of spending in cash terms sufficient to support real growth but not to accommodate inflation.

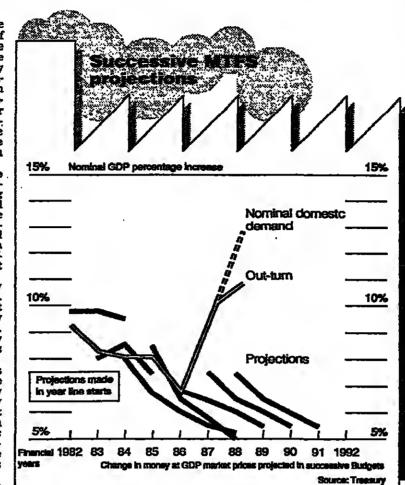
This underlying aim is normally best stated in terms of Nominal GDP. This is simply gross domestic product in current money without any attempt to deflate it by a price index. It also happens to equal the money supply (any measure of it) times its velocity of circulation.

An objective for Nominal GDP has

An objective for Nominal GDP has superior logical status to intermediate monetary targets, as I argued in How To End the Monetarist Controversy (first published in 1981 - the last time I had any specific influence on policy). Focusing on Nominal GDP is the equivalent of stating one's destination — such as Glasgow — before becoming bogged down in arguments obsert the best reads to take about the best roads to take Projections for Nominal GDP have indeed been given in the Red Book since 1982 and were implicit before,

although they have never quite obtained target status. In the circumstances of the 1980s any reasonable path for Nominal GDP has had to be downward sloping until it reaches some rate — such as five per cent per annum — which leaves room for only modest inflation at the end of the period. The result of moni-toring projections against outcome is the porcupine-shaped chart.

Two key features emerge from the chart. First the projections have been continuously pushed further ahead. The aim of 5 per cent, or 5½ per cent, Nominal GDP growth which was to have been achieved in the present finencial wars has been proceed. financial year has been repeatedly



1991, and presumably it will be post-poned further next Tuesday. Secondly the objectives themselves have, after the first year or two, been much more frequently overshot than undershot. At first the process was relatively benign as the overshooting reflected higher real growth rather than more inflation; and some adjustment to take into account graphy side. ment to take into account supply side

improvements was indeed reasonable. But in 1987 and 1988 the overshoot has been enormous and has had a high inflationary as well as a real When the balance of payments is deteriorating rapidly, Nominal GDP growth itself understates the growth

postponed - in the last Budget until of spending because it excludes imports. For 1988 alone I have therefore plotted one additional measure -Nominal Domestic Demand, which includes spending on imports as well as home products. This shot up to no less than 14 per cent im 1988, indicating inflationary pressures deflected into the payments deficit.

It is most important for the critic to avoid going over the top, Nominal GDP aims are guidelines over several years, not a straitjacket. Indeed a completely steady path would probably be undesirable. For, as the great analyst of capitalism, Joseph Schumpeter, observed, growth proceeds in fits and starts. Indeed he shocked some of his readers in pre-1914 Vienna

by saying that inflation was a necessary component of a wave of innovation. He wrote, however, against the background of a Gold Standard which guarded against any inflationary take-off and ensured that years of high inflation were offset by years of low inflation or even falling prices.

The contemporary moral is that the need for some sort of assurance that hreakthroughs, such as the one shown in the chart, should be quickly spotted and reversed.

Where does the exchange rate fit in to the MTFS? In two possible ways. It can be an intermediate indicator to be

can be an intermediate indicator to be observed along with the monetary aggregates and all other available evidence. This, indeed, is how Treasury officials have seen it most of the time. A more ambitious aim with which

the Chancellor himself has played, especially when the D-Mark was closely shadowed during 1987-88, was to go further and use a currency link with a sound money country, in this instance Germany, as an anti-infla-tionary anchor. This is at its most effective when part of a published and known framework, whether the 19th century Gold Standard or the EMS today, backed by the commitments of

several countries.

The more ad hoc link forced on the Chancellor by the Prime Minister's opposition to the EMS was not strong enough to prevent an inflationary wave emanating from ontside the traded goods sector — in the mort-gage market and in non-traded ser-vices. Even so, it is inconceivable that sterling can remain anywhere within even the broadest target ranges unless the spending trends shown in the chart are soon reversed.

the chart are soon reversed.

If the UK were on an exchange rate standard — for example if it were in the EMS with a tacit objective of not depreciating against the D-Mark by more than 2 per cent per annum on average — the nature of this standard would itself suggest an appropriate long-term path for Nominal GDP.

Even if a British MTES were stated.

Even if e British MTFS were stated entirely in terms of fiscal objectives and the exchange rate, Nominal GDP would come in at an international level. The central bank of the anchor country would need to monitor its economy'e own Nominal GDP to ensure that its policies were neither too tight or too loose; the Bundesbank does this without quite admitting it. In a European Monetary Union there would need to be an overall nominal GDP objective for the Community. The practical upshot is that a Brit-

ish MTFS designed to withstand financial shocks and surprises would highlight both exchange rate and Nominal GDP objectives in some combination. These would have to be revised in the light of events and actual progress. But they would be knocked about less than an MTFS cauched in the technocatic menetary. couched in the technocratic monetary target language preferred by most of those who want a restatement.

If that is the only prospect, I would much rather have no restatement and the uenal obscure official proseducioned to keep options open or page of the control of the contr

designed to keep options open or paper over cracks between the Prime Minister and the Chancellor.

LOMBARD

### Of animals and wise men

By David Thomas

WHAT SHOULD Britain do with a university department which (a) has one of the few research teams of world class in its field, (b) generates much more research income than comparable departments in other universities, (c) has 10 students knocking on its door for every place it offers and (d) has no unemployment among

tis graduates?
The answer appears obvious to the people who plan Britain's universities: close it. This was the fate suggested earlier this year for Glasgow University's veterinary school, a proposal which has stirred up a storm in Scotland, but

only the weakest of ripples south of the border.

Predictably, the closure's opponents have waved the Scottish card, bellowing dire warninge about English bureaucrats trampling over one of Scotland's national assets. Yet the issues run deeper: the proposal highlights the failings of the current university planning regime even more starkly than the well-documented problems of more glamorous eubjects such as philosophy.

The trouble stems from a report published in January by a University Grants Committee working party on veterinary education, one of a series of UGC subject reviews. The WGC subject reviews. The working party saw the need for four veterinary centres in Bristol, Edinburgh, Liverpool and London: Glasgow would go and Cambridge's department would be downgraded as e result.

Oddly, the UGC subject reviews are being carried through in the middle of considerable uncertainty about the universities' future. Education

universities' future. Education ministers are busy articulating a vision of a hrave new free market future for higher edu-cation. The UGC, meanwhile, is rationalising university departments in centrally deter-mined decisions which will circumscribe the provision of many subjects well into the

next century.
At issue are two different models of how the universities should be governed: wise men versus wise markets. Yet the case for closing the Glasgow school seems weak on either

• Wise men: Sir Ralph Riley,

chairman of the vet review and a former deputy chairman of the Agricultural and Food Research Council, was told to plan for a maximum annual throughput of 335 vet students, 10 per cent above the latest official demand forecast for vets issued in 1985.

He concluded that each school should have at least 36 lecturers in order to teach the full sweep of specialisms. From there, it was a matter of simple arithmetic to calculate that the country had room for just four vet schools. Throw in the need for a regional spread of facili-ties and one of the Scottish schools becomes vulnerable. So far, so defensible. Yet the case is curiously incomplete. No one would guess from the Riley report that performance indicators, ability to win

research contracts and mea-sures of student demand are all the rage in the universities. Nowhere does Riley attempt Nowhere does kiley attempt to compare the academic quality of the vet schools. One of the few references to such factors is that of Glasgow "the pathology and parasitology departments bave large research programmes and are of international repute."

• Wise markets in any case, management forceasts seem the

manpower forecasts seem too fragile a vessel to bear the strain of determing the future of Britain's veterinary educa-

Annual demand for vets in the 1990s could range from 140 to 633, depending on factors such as the growth in pet own-crship and the number of women coming out of vet schools, according to the Insti-tute of Manpower Studies at Sussex University.

So here is an excellent chance for education ministers to flesh out their talk about markets. Unlike teachers or doctors, vets are firmly part of

doctors, vets are firmly part of the private sector; more than four fifths earn a tidy living through private practice.

Ministers truly committed to the market would let more peo-ple go to vet school; an over-supply would drive down fees for the nation's farmers and for the nation's farmers and pet owners. If ministers are worried about picking up the tab for uncontrolled expansion, they should insist on vets paying back part of their educa-tion once in employment.

### Industry and education France's economic adjustments

From Mr E Pulfrey.
Sir, I read Michael Prowse'e article on the international baccalaureste (March 2) with great interest.

My son, now starting his two years for A-levels, has found the pathway for those students who are of A-grade standard at both English and maths a very stoney one indeed. He can do these two subjects

together, but only at the expense of a complete change of teachers and group after the first year. The school - a top academic public school - has made no adequate provision.

made no adequate provision for children who have this joint ability.

But who can blame the school? It has to organise itself efficiently for university entrance. Besides, what top university is calling for these sorts of minds? To pick up your point, what university will carry through — or even will carry through — or even welcome — the start which the baccalaureate diploma gives? The university world is so singgish — so sing-like — that

From Mr E. G. Univisi.
Sir, I was appalled to read the article by Hugo Dixon (March 8) concerning Hoskyns'e stitinde to GEC-Siemens and Plessey and would like to put the record straight.

The offer document from

GEC-Siemens has made no reference concerning their intentions with regard to Hoskyns. It was against this fact that I refused to answer questions regarding their intentions. In

An unwelcome bid threat

I believe that only orchestrated pressure from commerce and industry will cause perceivable change. The answer could lie in the CBI and other interested bodies getting together and, instead of producing reports and recommendations to the Government, spending money in a campaign to bring direct pressure on the universities to improve British education.

For too long the scene has been one of Government hand-wriging ("The great education debate") or ineffectual attempts to change the climate of opinion in our slow-moving university minds. If our compa-nies want recruits trained to be both literate and numerate, then it is time for them to apply pressure and provide car-rots directed towards achieving this end.

At the moment, it does not get any such trained gradu-ates. Is it not time for industry to deal direct? E Palfrey,

no way can this be taken as support for the GEC-Siemens bid threat.

To date, Plessey has bon-oured all their commitments to

Hoskyns and, together we regard the bid threat as totally

Chairman, Hosigms Group plc Hosigms House 130 Shafiesbury Avvenue London W1

Caxboro' Cottage, Cookham, Berkshire.

unwelcome. E. G. Unwin

From Mr David Flanagan.
Sir, Your article, "Adjustment in France" (March 3), congratulates the French economy on its recent successes in growth, control of inflation and the corporate sector. Two clouds on the French economic horizon are identified, however, relating to the weakness

of the structure of manufactur-ing industry and the rigidity of the labour market. Faster growth of imports than exports of manufactured goods is certainly a matter of concern for the French authorities. This situation is largely due to two factors. First, the me to two factors. First, the recovery of demand following the difficult years of the early 1980s inevitably led to a surge in imports. It is not necessarily the case, however, that this short-term effect will develop into a lengther weekley. into a long-term problem. Sec-ond, it is important to recog-nise that France's policy of economic openness and internationalisation may have required, and may continue to require, considerable import

penetration before a position of comparative external equilib-

rium is reached. This process culminates in 1990 with the dis-mantling of the last exchange control mechanisms.

To consider the side effects of France's trading position of these developments as a structural weakness in the economy may not be entirely realistic. Labour market rigidity is

thought to represent a continu-ous threat to the French corporate sector's profitability unless addressed urgently. The French authorities, however, appear to have recognised this vulnerability with the gradual reduction of employers' contributions as part of the employment plan of last year. The increase in the contributions of individuals to social security which allows this change may also contribute to a moderation

of consumption growth. The adjustments in the prob-lem areas of trade and labour conditions already appear to be under way, therefore, and their success in ensuring France's continue economic progress may yet remain to be seen. David Flanagan, 138 Shepherds Bush Road, W6

#### The realities of the railways

dised? Desplte very heavy seat-hour ntilisation at rush hours, Mr Hawkins may find that British Rail has a low average seat-hour ntilisation throughout its system. As much of the capital cost

From Mr Thomas Whittle
Sir, If, as David C. Hawkins
asserts (Letters, March 6), the
private car is a menace, with
very low seat-hour utilisation,
why is it that public (rail)
transport needs to be subsitransport needs to be subsiletters. Perhaps BR should face realtransport needs to be subsiity and look at its own under-u-tilised facilities. A privatised rail system would have to do

**Thomas Whittle** 19 Kildoon Drive Maybole, Ayrshire

#### Incentives for Northern farmers that pull the South down just lower Third World produc-

From Mr Clive Robinson.
Sir, Professors Tangermann and Josling are to be congratulated on their attempt (World Trade News, February 14) to find the common elements in the EC and US positions which could lead to progress in the stalled GATT talks on agricultural trade. The blind spot in their article is the implication that the principal victims of distorted world farm trade are the farmers and national treasuries of the industrialised

The people who stand to lose most from a continuation of the dumping war in farm products are small farmers in develucis are small farmers in develucis are small farmers. This group, The people who stand to lose

numbering some I.4 billion (contrasted with 10 million farmers in the EC and 3.4 mil-lion in the US), does not rate a mention in your correspon-

It is not simply export subsi-dies, which cost Washington and Brussels so dear, but subsidised farm exports which threaten the livelihoods of many Third World farmers. Low world prices brought about (until the recent US drought applied a brake) by export subsidies have made it too tempting for developing countries to accept cheap food

tion but a catastrophic loss of income in the rural areas where 80 per cent or more of the people depend on farming. Agreement in the Uruguay Round is both possible and urgently needed. If it is to help the majority of the world's farmers, it must put an end to policies of incentives to Northern farmers to drive their poorer Third World colleagues out of their own markets. It must therefore eliminate export dumping and the export subsidies which fuel it. The EC is right to insist on continued CAP protection for its smaller farmers but should find ways of achieving this (quotas and

other supply manegement mechanisms) which limit EC agriculture to its own con-sumption needs. The "long-term goal of bringing agriculture fully into GATT, must include effective anti-dumping provisions. GATT accords must also ensure that indebted agricultural econo-mies in the Third World can continue to restrict chesp food continue to restrict cheap food imports until they have achieved at least the level of self-sufficiency enjoyed by European farming. Clive Robinson, Liaison Committee of Development NGOs to the European Communities,



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### FINANCIAL TIMES

Thursday March 9 1989



### US budget stalemate: no news is bad news

Slow decision-making puts pressure on the financial markets, reports Peter Riddell

S budget discussions are heading for stalemate. Amid all the furore over the Tower affair, the debate on how to reduce the federal deficit has received little public attention in the past two or three weeks. But in this case no news is bad news. On Tuesday, Mr Richard Darman, bndget director, appealed for early, high-level talks, saying that a stalemate brought the economic risk that rising interest rates might cause the economy to founder. in this he was echoing last week's warning to Congress by Mr Alan Greenspan, chairman of the Federal Reserve, of his fear that "you won't move as rapidly as you ought to."

The budget procedures are well under way. Senate and House committees have been busily holding hearings. The Democrat congressional leader-ship has also been continuing exploratory meetings with the Administration about when and how formal talks might

Yet no decisions have been taken. The budget timetable, and the financial markets, are pressing. Key dates have been set by the Balanced Budget and Emergency Deficit Control Act of December 1985 (more familiarly known as Grammnaminariy known as Gramm-Rudman-Hollings or GRH) which laid down procedures to force Congress and the Admin-istration to tailor spending and tax decisions to the overriding atm of gradually eliminating the budget deficit

the budget deficit.

The deficit reduction targets are based on forecasts of economic activity before the rele-vant year starts. These tend to be optimistic since no administration is likely to want to be gloomy about ontput and unemployment. Moreover, once



Darman: echoed warning

shooting the deficit. The record is, to say the least, uninspiring, virtue is always put off until

next year.
In only one year, fiscal 1987, did the US come remotely near the GRH target. As Mr Stanley Collender, director of the Federal Budget Policy unit at Price Waterhouse in Washington, points out in his comprehen-sive "Guide to the Federal Bud-get" (published by the Urban

 January 8: President Reagan's final budget.
 February 9: President Bush's revised budget.

February and March: Hearings by Senate and House committees and April 15: Non-binding deadline for both Houses to

produce, and agree, budget resolution setting out instruc-tions to committees for spend-ing and tax changes in 21 different areas.

June 15: Congress due to complete legislation reconciling spending details and

August 15: President's

**COUNTDOWN TO OCTOBER** Budget (OMB) and Congres-sional Budget Office make separate estimates of deficit. ■ August 25: President issues initial sequestration order cutting spending if, after taking account of Congressional spending pians, new deficit estimate is above GRH target (as in text), with \$10bn marking of lowers.

target (as in text), with \$100n margin of leeway.

• Late August to mid-October: Discussion of alternative deficit reduction proposals.

• October 1: Start of fiscal year, and initial sequestration order takes effect. October 15: Revised estimate of deficit and final sequestration order from sident.

Source: Collender, The Guide to the Federal Budget.

US FEDERAL BUDGET DEFICIT (\$bn)										
Fiscal Year	GRH (1985)	GRH (1987)	Bush Budgel							
1986	171.9	221.2	221.2							
1987	144.0	149.7	149.7							
1988	108.0	144.0	155.1							
1989	72.0	136.0	170.2							
1990	36.0	100.0	94.8							
1991	0.0	64.0	64.2							
1992	-	28.0	30.6							
1993	-	0.0	-2.5							

Institute), the 1987 performance reflected a once andfor all boost to revenue from the 1986 tax changes and from asset sales, which are now not allowed to be counted in the

GRH target.

This year even Mr Darman has had to concede the optimism of some of the projections, especially over the conditions.

in interest rates casts doubt on official assumptions of a sharp fall in rates over the next three years, coupled with 3 per cent plus economic growth. Any deviation adds substantially to the size of the deficit.

The immediate stumbling block has been the "black box" of \$136bn of domestic discre-

produce savings of more than \$10bn. The Democrats have been reluctant to start talks without more details and last week Mr Darman was forced to resuctiate the proposals of the Reagan Budget of January 9 as a starting point for the negotia-

Mr Leon Panetta, the adroit chairman of the House budget committee, has expressed con-fidence that the House version fidence that the House version of the budget resolution setting overall guidelines should be available by the April 15 deadline. But the Senate version is unlikely to be ready on time.

Even though there may not be much time lost, there is still likely to be a gap between the Democrat-controlled Congress and the Administration. On Tuesday, Mr Dan Rostenkowski, chairman of the Ways and Means Committee, listed several proposals, including

several proposals, including Medicare cuts, which he believed would not pass Con-

The key dates will be in August and September after the Administration's revised economic forecasts which, on current trends, will show that more needs to be done to cut the deficit. So, not surpris-ingly, there has been increas-ing talk in recent weeks about invoking the sequestration pro-cedure — which Mr Rosten-kowski has said is preferable to the Bush Budget. Sequestration provides for

mandatory across-the-board cuts to meet the deficit target. These are divided evenly between defence and domestic programmes (with certain pro-tected areas in both), which would mean a tighter squeeze on the Pentagon than under the Bush Budget.

The manoeuvring is likely to continue for some months, unless a crisis in the financial markets forces the pace.

Soviet pride

of the fleet

banned by

home ports

A SOVIET nuclear-powered

merchant ship is stranded at anchor ontside the port of Vladivostok, in the Soviet Far

East, after unprecedented pop-

ular protests have banned it

from docking at any of the

major ports on the country's

The pride of the Soviet mer-

chant fleet, the 61,000 tonne

Sevmorput, is wallowing in a

force seven gale because of environmental fears over the danger posed by its nuclear reactor, according to Soviet

By Quentin Peel

### THE HIX COLUMN The high cost of tackling Tiny

It has become all too clear that in taking on Lourho, Mr Alan Bond made a major strategic error. Even if be finds a buyer for his stake at the asking price — which on balance seems unlikely — be will have made a mere 2 per cent on the transaction. Perhaps more important, by rousing the street-fighting instincts of Mr Rowland, be has brought on himself attacks of such pointed ferocity that his reputation as ferocity that his reputation as a serious financier may never

a serious financier may never be the same again.

The extent to which Mr Bond is a forced seller is unclear, and will donbtless stay that way. What is clear is that he is locked into a gamble rather similar to that of Mr Pat Goodman with RHM. Unable to Goodman with RHM. Unable to make headway with his stake or find an immediate buyer, he is obliged to declare an auction, in the knowledge that if that fails he will be in the worst of possible worlds: obliged eventually to dump on the market an overhanging stake in a company which be himself has elaborately shown to be proof against takeover.

If so, the question arises of what Lonrho is worth on fundamental grounds. The market has convinced itself that the break-up value is at least £5 a

has convinced itself that the break-up value is at least £5 a share, but if the company is bid-proof, that hardly matters. At 344p, the multiple is still in line with the market — that is, vastly higher than before Mr Bond appeared. It does not follow that it would drop back to where it was: battles of this kind have a way of drawing the market's attention to merits previously overlooked. And with the yield at 6 per cent, there is protection in the fact that it must at some point be worth Lonrho's while to buy the stake in.

worth Lonrho's while to buy the stake in.

And meanwhile, what of Allied Lyons? Like Lonrho, it is too big and well-defended to be within Mr Bond's reach. But his 11 per cent stake is worth 2400m, which would doubtless come in handy — even if the situation is complicated by the debentures which he has issued against part of it. The problem lies in finding someone with 250m to spend; though in structural terms at least, Allied looks custom-built for the ambitions of Messrs Goldsmith and Rothschild.

#### **BICC**

BICC may have been a slightly late arrival on the British industrial transformation scene in the 1980s, but it has since left its image as a laggard

Lonhro Share price relative to the FT-A All-Share Index

for hehind, Indeed, in one of the market's more improbable reversals. RICC now looks if anything rather too trendy than too dull. The catalogue of its business interests misses out few of the priority areas for infrastructural investment over the next decade: telecom-munications and power, the railways and the Channel tunnel, not to mention all the burnet, not to mention an the bur-rowing yet to be done under Sonth London. And when it comes to ideological soundness on the 1992 issue, recent acqui-sitions in the garlic belt have earned BICC a suitably Euro-

pean reputation. None of that had much to do with yesterday's 7 per cent rise in the share price, of course; that seems to have been BICC's reward for turning in 1988 profits £10m higher than market expectations. But it is difficult to see BICC repeating the same trick this year as last: earnings growth of around 30 per cent for the past two years will inevitably slow as productivity gains become harder, with earnings per share rising at well under half that rate in 1989. And though there seems little reason to take a misedy view of the longer term prospects for telecoms, power and transport, a rating of 12 times earnings for the current year is probably all that is deserved— especially if the Northern housing market follows the

#### Ultramar

To declare Ultramar, that perpetual bid stock, off the hit list would be pretty radical. Yet after yesterday's results, and now that the Canadian stake is safely in the hands of apparently genuine investors, it is beginning to look that way. If the bidders really have given up on Ultramar, its shareholders need not fear

slowdown in the South.

anduly: starting from a long unduly: starting from a long way back, the company's earnings — which have been an irrelevance for several years — nearly justify the p/e multiple. Indeed, to those who believe that the North American rating industry is starting on a cyclical upswing, the prospective multiple of 12 may be barely a point too high.

Perhaps more important.

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barely a point too high.

Perhaps more important,
Ultramar is no longer acreaming out to be taken over. Last
time it had any cash flow to
speak of, it squandered it, but
this time could be different.
Whether by hick or design, the
Wilmington deal now seems
positively inspired, while the
Blackfriars acquisition looks
solid enough, and the planned
disposals will also do their hit
for earnings.

disposals will also do their hit for earnings.

The management evidently feels relaxed the 1p rise in yeaterday's dividend leaves it 3p short of the 10.5p paid in 1965, and had it felt under any pressure, Ultramar could have been much more generous. After all, its dividend cover is well above that of BP. But then, the measage that Ultramar one day hones to ret across is that the hopes to get across is that the company is growing.

Grand Metropolitan is wast-

#### GrandMet

Grand Metropolitan is wasting no time in getting Pillsbury into some kind of shape. It only moved in a few weeks ago, but it has already fired a third of the managers, and yesterday completed the forced disposal of SaN Restaurant at a price that would not have dispraced a more willing seller. A steady trickle of encouraging amouncements has also been A steady trickle of encouraging amouncements has also been emerging from other parts of the company recently. Yesterday's purchase of Metara shows that some spirits groups — admittedly of the rougher Greek variety — are still to be had at sensible prices that apparently do not dilute earnings, while the latest increase in the pension surplus makes Grand Met one of the few FT-SE companies for which City earnings forecasts are edging up rather than down Still, shareholders should not get too carried away by the optimism that Mr Sheppard is bound to regale them with at bound to recale them with at today's annual meeting. Pillsbury may be settling down nicely, and the share price may have almost recovered the ground it lost when the deal was announced; but the key to the price is still Burger King, which will test GrandMet's boasted retailing skills to the

### West Germany wins Brussels approval for state subsidy of Daimler takeover

By William Dawkins in Brussels

THE WEST GERMAN the bid on cartel grounds, said Government yesterday won clearance from the European Commission to provide up to Commission to provide up to DM3.9bn (\$2.1bn) for the proposed acquisition of a stake in the Messerschmitt-Bölkow-Blohm (MBB) aerospace group by Daimler-Benz, the country's main car producer.

This is one of the biggest state subsidies ever to receive the go-ahead from the Brussels authorities and represents the removal of an important poten-tial barrier to what the Commission considers a strategically important takeover for the European aircraft industry.

The plan is also awaiting clearance from West Ger-many's national cartel office. Brussels has no objection to

By Judy Dempsey in Vienna

GREECE and Cyprus, which

yesterday tentatively set ont some of their negotiating posi-

tions for the two sets of arms

talks which open formally in Vienna today, are likely to raise difficulties for the West.

Mr Karolos Papoulias, the Greek Foreign Minister, whose

delegation last January was at the centre of a dispute with Turkey over what zones should

be included in any conventional reductions, again made veiled references to this dis-

At issue is the region around Mersin in south-eastern Tur-

key, an important strategic port which the Turks want

uded from any reductions.

Nato did not fully resolve

But yesterday, Mr Papoulias

said firmly that Greece's posi-tion "has already been made

clear during the last stage of

the negotiations - concerning the zones on which the results of the negotiations will be

this issue, preferring instead to leave the matter open until the

negotiations started.

Greece, Cyprus set out

positions on arms talks

About a third of the total is an exchange risk guarantee, to protect the group against falls in the value of the dollar, the currency in which aircraft are usually priced. The rest is a debt write-off, designed to phase out state subsidies for MBB, the West German partner in the Airbus consortium.

The aid package was demanded by Daimler-Benz as a condition for agreeing to take over MBB, 51 per cent of whose capital is currently in public hands. Daimler will initially buy 30 per cent of MBB and later increase that stake to more than 50 per cent.

EC competition rules tightly

It is understood that Turkey again raised this issue last

of their security."

restrict member governments' freedom to subsidise industry, but there are exceptions for assistance to important projects of common European interest, of which Airbus is a

rime example Brussels was also encouraged by the fact that the takeover would bring private capi-tal - DM1bn - into Deutsche

Airbus for the first time.

The aids were to help "the restructuring of the West German civil aircraft industry with the aim of increasing its efficiency and international competitiveness," said a Com-mission statement. Competition would not be

distorted because aircraft sales between member states were limited and did not in any case take place in the same market as Airbus.

 The Commission yesterday challenged West German pro-posals to provide low interest credit to help the shipbuilding group, Howaldswerke Deut-sche-Werft, provide three con-tainer ships to an Israeli com-

The proposed assistance is worth 30 per cent of the contract price of DM105m per ship, representing a total grant of DM94.5m. West German authorities believe this should qualify as aid for a development project, but the Commission was warned them that sion was warned them that Israel is not a developing coun-

"They want to get liquid and go into something else," she

Half of the Pan American properties are offices, 35 per cent retail and 15 per cent industrial properties. One prop-erty is the Watergate in Wash-

ington DC, scene of the break-in which set off the chain of events leading to the

downfall of President Richard Nixon. This is in the Buck-

ingham portfolio, along with

other offices in San Francisco, Los Angeles, New York, Massa-chusetts and New Jersey.

The sale comes during a period of singgishness in the

US property market.

But there is a safeguard for the pension funds in that many

of the properties are of a nature to appeal to foreign and US institutions. Their invest-ment in prime US property has

been increasing.
The pension funds, whose

try and that the subsidies should therefore be blocked.

press reports. Workers in a string of ports, including Vladivostok, head-quarters of the Soviet Pacific fleet, and neighbouring Nak-hodka, Vostochny, Magadan and Petropavlovsk-Kamchatsky, have been backed by their local councils in refusing to unload the ship at the end of its maiden voyage from the Black Sea.

The Seymorput is described by the Soviet press as an "atomic giant" and is designed to carry some 70 barges on

It left Odessa on its maiden voyage in January for Viet-nam, passing through the Bos-porus on January 12.

Western naval observers say the ship, heavily reinforced for ice protection, is intended to open up the northern sea routes for the Soviet Union, operating between Vladivostok and Murmansk, and serving the Arctic and Pacific ports in

Those are exactly the ports which are now refusing to han-

Despite the insistence of the Soviet Ministry of the Mer-chant Marine that the ship is totally safe, Vladivostok city council and the rest have refused to let it dock until they receive "extra information about the radiation safety of the ship," according to Sovietskaya Rossiya, the Communist Party newspaper in the Russian federation.

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### **British Coal pension fund** to sell \$1bn US property

By Paul Cheeseright, Property Correspondent, in London

BRITISH Coal Pension Funds

week in Brussels as Nato was The properties are held by Pan American Properties and putting the final touches to its own proposals which will be formally presented today. Earlier this week in Vienna, Mr Mesut Yilmaz, the Turkish Foreign Minister, hinted that no one could "expect states to readily give us what they have so far considered as guarantees of the considered as guarantees

Cyprus made clear that it saw no reason why naval forces should continue to be excluded in the talks on Confi-

dence and Security Building Measures (CSBMs). It follows a period of three years during which little fresh Mr George Iacovou, the Cypriot Foreign Minister, said their exclusion "would not be in the spirit of the creation of

His views are likely to be elcomed by the Warsaw Pact which has frequently raised this matter. However, independent naval forces are not included in the original man-date for these talks.

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funds had received.

are preparing to sell their US property interests, worth some \$1bn (£580m).

Buckingham Holdings, and Ms Wendy Luscombe, the presi-dent of Pan American, said yesterday that the pension funds "had not been burnt by their investment and they are not dumping it."
The decision to withdraw

from the US property market and tostage a sale which is large even by local standards was taken by the trustees of the pension funds in London

money was made available to enlarge the two property port-folios. Ms Luscombe said that there had been a change of

there had been a change of investment philosophy.

The pension funds had been in US property for over eight years and "had been given a good run for their money," Ms Luscombe noted, although she would not disclose the investment returns the pension

World Bank optimism Brussels in jam Continued from Page 1

over clean cars Continued from Page 1 likely to happen. Despite the Italian Commissioner's eager-ness to press home his point, Mr Jacques Delors insisted last night that a full report on the implications of moving quickly to higher standards be drawn up by the Commission and that any decision by Brussels should be consider

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next few weeks.

### total assets are more than £10bn, moved into the US prop-erty market after British exchange controls had been lifted in 1979.

per cent during 1980-84 to almost 4 per cent on average in 1989 and 1987. By contrast, the growth rates in countries with weak or no reform pro-grams...running under 1 per cent a year in the earlier period, increased by only a third as much in 1936 and 1997

It challenges the view that Africa's steep decline over the past two decades has been caused largely by external factors, suggesting that these "may have been less hostile than supposed and less culpable in explaining the crisis."

The report points out, for example, that had sub-Saharan African countries "simply maintained their 1970 market share of non-oil primary exports from developing countries, their export earnings would have been \$9\text{in-\$10\text{in}} a year higher in 1936-87. This shortfall is similar in magnitude to that I debt exports.

tude to total debt service payments, or donor assistance After reviewing a range of indicators, including "strong improvement" in the agricultural sector, the report says that "the evidence...leaves room for optimism." SECTIONIII



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GrandMet

In the last six years, the Channel Islands have enjoyed a remarkable economic boom. The

islands' business sectors, however, are now closely monitoring the European Community's plans to dismantle internal trade barriers by 1992, as **Barry Riley** reports here.

### Grappling with the 1992 issue

Telands?

islands?

What at one stage appeared a remote and intangible issue has suddenly turned into the subject of argent and heated debate. Last week, for instance, the Guernsey authorities held a special public meeting to explain the official position, and they have issued an explanatory pamphlet. This is not, however, a policy document, and it attempts to do no more than to set out the posimore than to set out the posi-tion in factual terms.

So far, the 1992 question has generated more heat than light. The Channel Islands' public has been comused by the coverage in the UK media, which only relates to the effects on the mainland economy. On the face of it, how-ever, nothing necessarily will change the position of the

It is possible that the adop-

JUST HOW will the European approach by the EC could dam-community's plans to disman-tile internal trade barriers by Guernsey among them. On the 1992 affect the Channel other hand, the imposition of burdens such as a 15 per cent withholding tax on Luxembourg could prove highly bene-

At any rate, the islands are monitoring the situation closely. Both Jersey and Guernsey have retained the advisory services of a main-land barrister and academic, Richard Plender, for guidance on the latest twists and turns in Brussels as innumerable directives grind their way through the legislative machin-

In Jersey, Colin Powell, the States' Economic Adviser, says that representatives of the main sectors meet regularly in a 1992 group. He accepts that there is a disadvantage in mar-keting into the EC, which could increase after 1992. But there is a corresponding advantage in marketing around the world. He sees Jersey as

ficial to convenient and reputa-ble offshore financial centres.

becoming "offshore Europe rather than offshore UK."
Norman Le Cheminant, chief executive to Guernsey's Advisory & Finance Committee and the island's top civil servant, suggests that the Channel Islands could only be seriously affected in very grave circum-

"But there is a need to maintain a very close watching brief," he says, He wonders hypothetically, for instance, whether new administrative arrangements for the collection

of VAT might be more onerous for third countries such as the Channel Islands.

Jersey and Guernsey are in identical constitutional posi-tions in relation to the EC. They are not members of the BC nor, as is commonly (but wrongly) supposed, are they associate members. Technically, they enjoy a special rela-tionship under Protocol 3 to the UK's 1971 Treaty of Acces-sion (the Isle of Man is slightly differently placed because of its common purse arrangement

and VAT).

In terms of physical trade, the Channel Islands are within the common external tariff. However, they are not bound by the remaining clauses of the treaties and so are unaffected by most directives or by the

community's provisions relat-ing to the free movement of people and services.

There is no suggestion at this stage that the Protocol will be changed. In any event, it could only be altered by unanimous decision of all twelve EC member states, and twelve EC member states, and the Channel Islands would therefore be able to look to the protection of the UK.

"There's a fear of the unknown," admits Richard-Arnold, president of the Guern-sey Chamber of Commerce.

prominence at a time when there are signs that the booming economies of the Channel Islands are starting to boil over. Cracks are starting to appear in the previously rock-solid finance industry, where Morgan Guaranty last mouth

ness in Jersey, while Manufac-turers Hanover in Guernsey has announced it is conducting a strategic review of its activi-Meanwhile, some of the fund

management companies have had a hard time since the October 1967 crash, and the fragility of some of the offshore operations was underlined late last year when NM Schroder decided to repatriate much of its administrative activity from

Guernsey to the UK after expensive mistakes were made in the pricing of funds. There is no reason to fear.

however, that the offshore finance industry is experiencing anything more than a pause for breath - which many see as welcome. Dis-placed employees are being quickly re-absorbed elsewhere. announced the impending clo-sure of its Euro-lending busi-Since the end of the last recession in 1982 there has been a remarkable economic boom. In real terms, Guern-

sey's economic growth rate was 9 per cent in 1987, after 10 per cent in 1966. Last year the rate is estimated to have slackened to some 6 or 7 per cent, hut this still represents an excellent performance.

The rather larger Jersey economy has certainly been no less buoyant. In nominal

CONTENTS

☐ The finance industry and ofishore funds; investi protection: the insurance sector; the pensions business: pages 2 and 3. ☐ Changes in the

stockbroking scene: page 4.

The smaller islands: goodbye to the Sark Laric page 4.

Housing and property

markets: page 5. Immigration training and labour issues:

☐ infrastructure; communication services; harbour developments: pages 6 and 7. ☐ Horticulture, page 7. Tourism developments:

page 8. ☐ PICTURED, LEFT: Symbols of prosperity: private yachts anchored at St.Peter Port harbour. Picture by John Schute.

terms, the Jersey GNP doubled in the six years up to 1987. But this includes the effect of per-sistent inflation, which has sistent inflation, which has tended to run higher than in

Last year Jersey's retail price inflation was consistently 1 to 2 per cent higher than on the mainland, and although the rate was n little more modrate was a little more mot-erato in Guernsey, neverthe-less it had topped 7 per cent year-on-year by December. Meantime, it is probable that the labour shortage has been driving employee earnings up at a double-digit percentage

The finance industry has been the main engine behind the rapid economic expansion. Jersey's official statistics indicate that the finance sector overtook tourism as a contribu-tor to GNP in 1986, and accounted for 40 per ceut of GNP in 1987 (up from just 20 per cent in 1975).

This growth has not been nchieved without complaint from elsewhere. In both Jersey and Guernscy the finance sec-tor is accused of driving up wages and poaching employee from other sectors such as pub-lic service. Meanwhile, the top jobs usually go to immigrants, rather than locals.

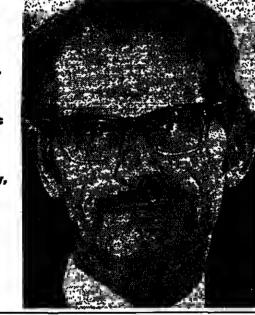
There is friction, too, over house prices, which have been very buoyant - at least until the recent sharp rise in mort-

gage interest rates. Since it is estimated in Guernsey that 30 per cent of all mortgages are extended on a cut-rate basis to finance sector employees, there is under-Continued on Page 8

☐ Many in the Channel Islands sense there could be a chance to build new business relationships throughout Europe although they face competition from a variety of locations in the European Community. in Jersey, Colin Powell, (left), the States' Economic Advisor, sees Jersey becoming "offshore Europe, rather than offshore UK." □ Meamwhile, in Guerr Norman Le Cheminant, (right), chief executive to the Advisory and Finance Committee — and the Island's top civil servant - suggests "there is a need to maintain a very

close watching brief" on

the likely impact of 1982





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### Islands surmount a new hurdle

ARE Jersey and Guernsey in the Organisation for Economic Co-operation and Development (OECD)? And why should any-

body care? end, but a hint is that it is something to do with the tan-gled subject of international

investment regulation.

The two Channel Islands have just surmounted one hur-dle in this area. At the end of last year, they were separately granted Designated Territory status by the UK's Department

of Trade and Industry. This means that under the terms of Section 87 of the Financial Services Act 1986, the DTI has been satisfied that funds based in Jersey and Guernsey can offer UK investors equivalent protection to that available from funds domiciled and regulated on the

mainland. To achieve this, the islands have had to set up new regula-tory procedures. By no means all of their funds will qualify for the green light and be freely marketable in the UK.

Guernsey has defined Class A1 and Class A2 collective investment schemes which are suitable for authorisation by the Securities and Investment Board in London, and Class B schemes which are not.

Jersey funds are being slightly less formally divided into a recognised class and a

local category.

There is a reluctance to put fund management companies into too much of a straightjacket. In Jersey, for instance, Richard Syvret, Com-mercial Relations Officer, says he prefers to place the emphasis on choosing only the top quality fund managers and then letting them get on with

As an offshore centre, we feel we need to be flexible in regard to what they want to do." he comments.

Jersey is reckoned to have 300-350 funds at present, and those run by members of the Jersey Fund Managers' Association are valued at around 55m. However, only 28 are regarded as candidates for recognition for UK marketing purposes, although they include some substantial funds and

Date

will be worth some £1.25-£1.5m in aggregate. Guernsey's fund industry is rather smaller, amounting to some 180 funds valued at £3bn

(precise figures should be available for the first time later this year). However, as many as 60 or 70 are aiming for the A classification, and 28 had already been approved by last month (all Al, with no candi-dates yet for the more flexible

A2 category).

Meanwhile Jersey has awarded just four funds its recognized status (the Z is isted upon by the St Heller officials).

Once authorised by the off-shore regulators the funds must apply to the SIB, where further scrutiny faces them. To begin with, officials in Jersey and Guernsey were upset at the degree of double-checking that was being done by the that was being done by the SIB, and at the imposition of

application of one fund for authorisation, as well as the licence requests of several fringe advisers or promoters.

One new rule which has caused some complaints is the requirement for the management and custody functions to be separated. These can now only be carried out by separate companies, which may have common ownership but which must have different executives

When they have been approved by the SIB the off-shore funds are freely marketable within the UK. However, many face delays while they restructure to meet new regu-lations. In the meantime they can only sell in the UK on a restricted basis through professional intermediaries.

One of the funds which faces a marketing gap of a few weeks is Capital House Inter-

Japanese life companies are setting up in Jersey, but the islands are still casting envious eyes at the scale of Japanese fund management business that is passing

through Luxembourg

essary delays of up to two months. However, more recently the SIB appears to have speeded up, and a uum-ber of mainland approvals were granted last month.

All the same, queues are developing in the offshore centres. The regulators are not only authorising funds, but are embarking upon the process of licensing various functionaries, such as custodians, administrators and distributors In Jersey, Richard Syvret

expects to uncover a hidden segment of the offshore fund industry. "A number of entities are

functionaries of which that authorities are largely unaware," he says. "We will be capturing additional funds and additional permit holders. There will be a little weeding set to be done but not a let?" out to be done, but not a lot." Over at Guernsey's Financial Services Commission, Nigel Taylor, Superintendent of Investment Business, is consid-

national Growth Funds, £50m-plus Jersey umbrella fund (with some 17 sub-funds) run by Capital House, a subsidiary of the Royal Bank of Scotand Group.

"It's of no real consequence to us," says John Wetherall, managing director. "It would have been wrong to rush headlong into recognition and then find our systems needed to be

Over the next few months the authorisation backlog will be cleared up and the Channel Island regulators will turn more of their attention towards Continental Europe, Member-states of the European Commu-nity are now completing their legislation for UCITS (standing for Undertakings for Collective Investment in Transferable

From next October, according to the UCITS Directive, investment funds will be marketable across national borders, But Jersey and Guernsey

will not be able to reach the rest of the E C through the UK.
Is there a problem? Is there a proble

"It is up to the fund managers to market into Europe," says Nigel Taylor. All the same, he is expecting to visit some of the Continental regula tors in due course. Richard Syvret is also prepared to investigate the scope for nego-

Meanwhile, there continue to be plenty of scope for mar-keting Channel Island funds to expatriates in many parts of the world. And the arrival of with approval. For instance, Japanese life companies are setting up funds in Jersey, sometimes in hefty \$100m tranches. And two Yamaichi funds have just been given "B" class authorisation in Guern-

But the Channel Islands are still casting envious eyes at the scale of the Japanese fund management business passing through Luxembourg, and this is where the OECD problem

crops up. Although Japanese institutional funds can be based in Jersey or Guernsey, a Japanese rule says that overseas funds marketed back into Japan must be domiciled in a member state of the OECD. Luxembourg clearly qualifies. But what about the Channel

So it was that last October John Roper, director general of the Guernsey Financial Ser-vices Commission, and Colin Powell, economic adviser to the Jersey States, met officials the Japanese Securities Dealers Association and the Ministry of Finance in Tokyo.

There was lengthy discus sion of the constitutional position of the Channel Islands, which as the Iles Normandes were originally part of the domain of William the Conqueror. It was pointed out that the UK, a leading OECD mem-ber, is responsible for their international affairs.

What the Japanese made of it all is not clear. But they have promised to study extensive documentation and respond in due course.

**Barry Riley** 

#### INSURANCE

### Guernsey leads European 'captive' sector

INSURANCE is a sector which Jersey has left to Guernsey to take care of, whereas Jersey has never found it worthwhile to set up specific insurance legislation, Guernsey has stepped enthusiastically into this nicke, and updated its insurance law as vergetly as 1986 as recently as 1986.

Gnernsey is prominent in two areas. One is the so-called 'captive' insurance business, which concerns the operation of offshore insurance subsidiaries of, usually, large compa-nies (although there are also 'association' captives which operate on a mutual basis for a

number of smaller proprietors).
The other sector is offshore life assurance. This busine was originally focused on expa-triate clients, but last year Guernsey was granted designated territory status under Section 130 of the UK's Financial Services Act 1986 for the purpose of life assurance busi-

This designation is separate from the recognition subsequently granted under Section 87 of the Act, which relates to investment funds, but the effect is the same. It means that Guernsey companies, of which Providence Capitol is the higgest, can market their products on the mainland.

The two kinds of insurance business have quite different characteristics. Captive insurance is in several respects the ideal business for a congested offshore financial centre such as Guernsey: transactions with a very high value can be handled by a very few staff on a sub-contracted basis. The only drawback, perhaps, is that the specialist skills normally need to be imported.

Offshore life assurance has run into greater problems. As a business selling to individual clients it tends to be more labour intensive, and several mainland groups heading off-shore recently have been steered towards the isle of Man, or even the new international financial centre in Dublin. However, the companies already established in Guernsey have been well-placed.

Meanwhile the captive insurance industry has found it possible to grow healthily. Guernsey ranks third amongst the leading captive centres, and although its 137 companies at



Steve Butterworth, superintendent of insurance: optimistic

the end of 1988 left it a long way behind Bermnda (well over 1,000) and Cayman (370 or more) it is the clear leader within the European tima

Steve Butterworth, Guernsey's Superintendent of Insur-

Guernsey Insurance Company Managers Association, agrees that newcomers "are still flowing quite nicely." Ha sees between 12 and 20 new cap-tives being set up within the next six to twelve months Guernsey is taking the initia-

Despite its professionalism and strong position in the 'captive' sector, Guernsey faces significant competition from the Isle of Man,

Luxembourg and other areas

ance since 1986, is optimistic about the prospects for further lot in the pipeline," he says.

The island added a net 22 to its collection of captives in 1988, and has already licensed

another three so far this year. Roger Hall, managing director of HRGM Insurance Management, and chairman of the

tive Forum next month, which it is hoped will turn into a reg-ular annual event for the captive industry. It is by no means focused on Guernsey itself, and experts from the Bahamas, the le of Man and elsewhere will be taking part.
Although Guernsey is the
European leader, it has faced

tive of staging a two-day Cap-

significant competition from the Isle of Man, which plays host to around 60 captives, and Luxembourg, which specialises in reinsurance business and has rather different counsetions - with Sweden, for instance, as well as the Conti-nental member states of the

Guernsey has been able to supply political stability and professionalism, together with easy access to London's insurance markets. But the Isla of Man has successfully expanded into the captive business during the 1980s on the back of a new regulatory set-up and a favourable tax deal under which captives can claim which captives can claim exempt tax status and pay only a modest annual fee (though many costs are liable to VAT, in contrast to VAT-free Green-

sey). In the circumstances, Guernsey has been forced to make concessions, and in January this year it introduced a new tax regime for captives which means that annual payments are effectively limited to around £50,000, no matter how large or profitable the captive

According to Roger Hall, these changes have corrected the imbalance. Guernsey is still the more highly taxed cen-tre, but can offset this disad-vantage up through offering greater expertise and a better supporting infrastructure. New captives come to trans-

act a wide range of lines business. One recent arrival is a subsidiary of a life company, another specialises in property business and a third handles professional indemnity insur-Although many have parents

based in the UK, others are controlled from a variety of countries, including Sweden and Middle Eastern states. The ideal captive for Guern-

sey has no more than a hand-ful of policies (perhaps only one) and deals with a very few claims each year. Roger Hall says that the staff of six in his ment firm look after 13

The slenderness of the resources required makes this very attractive business for the overcrowded island, in the eyes of Steve Butterworth.

There's quite a lot of capacity," he says, "and this is an ideal area of expansion for



Roydon Falls, president of Guernsey's Advisory and Finance Committee.

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Expectations have dimmed slightly in the offshore finance industry, says Barry Riley

### Business still brisk, despite cutbacks

THE PRAK of the boom may be over, but there is still plenty of life in the Channel Islands' offshore finance industry. And if the shadow of redundancies has dimmed expectations, that may be viewed as helpful in

Job losses at J.P.Morgan, N.M.Schroder, James Capel and elsewhere have disturbed the pattern of continuous

"There may be a psychologi-cal effect," says John Roper, director general of the Guernsey Financial Services Comon. If redundancy news makes people more realistic about their own prospects, it may be no bad thing at all."

But the departure or contractions of the departure or contractions of the cont tion of US banks like J.P.Morgan (in Jersey) and Manufac-turers Hanover (in Guernsey) may be more of a symptom of success than a warning of trou-

Banks which arrived when the Channel islands were rela-tively cheap and easy places to do business are now finding themselves faced with rapidly mounting labour and property costs, and are forced to grapple with ever-tougher barriers with ever-tougher barriers against expansion. It is scarcely surprising that some are conducting strategic reviews and are deciding that their business could be better conducted elsewhere. In particular, the booking of

commercial loans (especially in Jersey) has been in decline for a number of years now. Many a number of years now. Many banks have been moving away from this kind of low valued-added balance sheet business towards private banking activi-ties, including the offshore trust work which has been mjoying a beat-the-UK-Budget boom within the past few

High interest rates have bol-stered private banking depos-its, and after several years of stagnation Jersey's bank deposits have begun to grow quite strongly, from £250n at the end of 1957 to £250n lat the end of 1987 to £28bm last June and £31bm in December.

sector, and growth picked up again in 1988, when deposits climbed by 9 per cent to \$10,020m, after a slight decline in 1987 when money was being sucked into the booming world stock markets.

Growth in banking has bee increasingly restricted, however, by curbs on new licences and on expansion of existing operations. There has been no overall growth in licences in Jersey, although there has been a certain amount of reshuffling - for instance, where a single group has owned more than one licensed bank. Last year, too, the last remaining privately-owned local bank was morped up.
Room has been made for the
two biggest UK building Societies, the Halifax and the Abbey National, to set up operations to gather offshore deposits. "The authorities decided that this was a market we ought to be in." says Colin Powell, Jersey'a economic

Jersey maists that the door is not closed, but that any incoming institution must bring diversification into new sectors or new parts of the

world There is some speculation that a Japanese bank might arrive, given that the Japanese are already becoming much more active in investment business in the Channel

If one of the top Japanese banks was to knock on the door, it could be an example of an institution that would be accepted," is Mr Powell's care-

Over in Guernsey there are hints that a hig international bank may in fact be seriously considering a local presence. But it will need to be an institution of substance.
"We are only interested in

talking to the top 25 or 30 banks in the world about hav-ing a physical presence here,"

says John Roper. To accommodate the amhi-



John Roper, director general of the Guernsey Financial ser-

may be a crackdown in next week's UK Budget by the Inland Revenue on offshore

trusts, which allow assets to be

protected from taxation until

they are brought back to the

proved profitable for the Chan-

aged' bank, which transacts has been a rush of new busi-business in Guernsey, but does so through another bank (or fears have grown that there possibly an agent, such as a firm of accountants).

Two managed banks have already been established for a couple of years, and in 1987 Mr Roper wrote to Guernsey's banks suggesting that they should go out sud market the

concept more widely.

He admits that the results so far have been "slightly disappointing" with only two more set up, but he insists that "it is the way forward for us."

It is possible that the man-

aged bank idea might have cer-tain advantages for the Japa-nese, who have proved reluctant to live in the Chan-nel Islands, which they inevita-bly regard as culturally and geographically rather remote. But according to Bill Perchard, a Jersey partner in accountants Deloitte Haskins + Sells, the managed bank concept takes "a lot of explain-ing to the Japanese." However, he adds: "The Japanese see Jersey as offering stability and standing. It's just starting to come over the Japanese hori-

Mr Perchard, who advises banks and other institutions on the merits of the Channel Islands, is unhappy about the extent to which the territories are turning away from bal-ance-sheet type business, involving big commercial loans, towards private bank-

"High net worth individuals are all very well, but let's try to be more imaginative," he argues. "Jersey should stay with the business which has been very profitable for us. The emphasis on fee-earning business requires banks to have

more specialists locally."
But the official attitude remains that fee-earning activities should be encouraged. Cer-tainly, there has been rapid growth in trust business, which is handled by accoun-tants, lawyers and independent firms as well as by the banking institutions.

In the past few weeks there

#### cern that the trust sector har-bours undesirable operators and may perpetuate the kind of tax avoidance image which Jersey and Guernsey are attempting to shake off.

As a first step, plans are being laid to regulate the trust business, although there are problems given that practically nothing is known in detail about this shadowy sector, which is dispersed across a range of practitioners - "it is hard to think of a comprehen-sive way of regulating them,

admits John Roper.
These regulatory plans illustrate the way that the once free-wheeling offshore finance industry in the Channel Islands is being steadily brought under stricter supervi-sion. Banking and insurance were first, and now investment funds are being regulated, under the impetus of the need to respond to the UK's Financial Services Act.

In order to be able to respond, the finance industry is being forced to become more stitutional in character. For instance, last month Guern-sey's investment community formed the Guernsey Fund Management Association with about 25 member-firms and a number of associate members. According to Bruce Riley, nanaging director of Guinness Flight Fund Management in

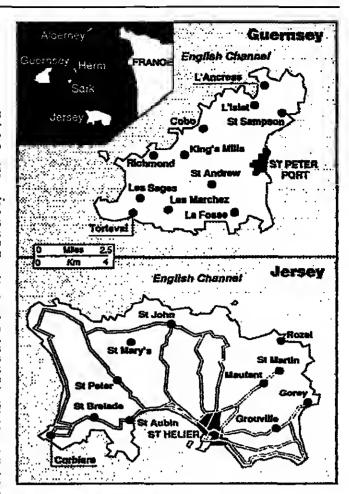
nel Islands, there is some con-. Guernsey, the GFMA is a response to new rules requir-ing banks to hive off their offshore fund departments into separately-run operations -"that caused many of us to feel that we needed our own voice," he says.

Guernsey's rapidly growing Financial Services Commission, set up as an independent body just over a year ago, is an obvious manifestation of the new trend towards offshore

"Dealing with a quango is preferable to a civil service," claims Nigel Taylor, invest-

But Jersey officials are sensitive to suggestions that the retention of regulation within the commercial relations department is in any way less efficient. They point out that the establishment of a separate commission in Guernsey relates as much to a political row about the disclosure of high salaries paid to regulators. high salaries paid to regulators as to inherent regulatory

All the same, Jersey is considering structural reforms which might bring financial regulation under a new committee, following recommenda-tions, 15 months ago, in a report commissioned from the sion of Pest Marwick McLin-



New regulatory plans indicate that the once free-wheeling offshore finance industry in the Channel islands is steadily being brought under stricter supervision.

### PENSION SCHEMES

### Close similarities to the UK pattern

VERY MUCH like on the mainland, the personal pen-sions revolution has arrived in the Channel Islands. Modern legislation came into effect in Guernsey at the beginning of 1984 and in Jersey at the start

of 1967.
Personal plans sold under these laws closely follow the UK pattern — but there are differences. For instance, in the Channel Islands, individuals may contribute both to als may contribute both to occupational and personal pension schemes at the same time, with the proviso that the combined benefits will not exceed the maximum permitted.

Pension schemes, in the Channel Islands as elsewhere, are based upon tax deferral. Part of the tax framework (the ottractive part) is that income

attractive part) is that income tax is deferred on earnings peid into the fund, and investment income received by the find also rolls up tax-free.

The less congenial part of the bargain is that the funds are locked away until retirement, and at that stage most of

the benefit must be taken in the form of an annuity, on which tax is payable. However, a limited propor-tion of the fund may be received as a tax-free lump

sum.

Given the low (20 per cent) income tax rate in the Channel Islands, the tax shelter is less attractive than on the mainland. Also, there are annual contribution limits, which this year stand at £6,000 and £5,200 in Jersey and Guernsey, respectively. Finally, contributions are restricted to 15 per cent of pay compared with 17½ per cent in the UK (and higher after age 50).

the UK; especially for the higher paid, but nevertheless the personal plans have proved reasonably popular.

"Personal pension plans are

particularly attractive to the many partnerships in the islands, says Rodney Benjamin, a partner in the Guernsey office of consulting actuaries, Bacon & Woodrow. The business in mainly in the hands of branches of UK-

International pension fund arrangements bring a steady flow of business

based life assurance companies (and exclusively so in Jersey) but in Guernsey there is the option of placing contributions with trust schemes. These can be established by any group of eligible persons, but the Guern-sey Retiremsnt Annuity Scheme (GRATS) is men to all. Scheme (GRATS) is open to all.

Besides this local business, the Channel Islands are seeking to carve out a niche in the developing field of offshore

On the face of it, offshore pensions are something of an anomaly because since off-shore funds are not liable to local taxation in any case, there is no very obvious reason why companies and scheme members would want to tie themselves down in an inflexi-

ble pension scheme structure. However, the rapid growth of multinational enterprises which post senior employees from country to country has revealed the need for internationalised pensiou fund

"There's a steady flow of business, mainly from UK multinationals, but also from else-where," says Rodney Benja-

The need for a mobile indi-vidual to be able to accrue pension rights while working in several countries, and then to several countries, and then to receive the benefits possibly in a quite different territory where he chooses to retire, poses impossible problems for the typical corporate pension scheme which is firmly rooted in a single territory.

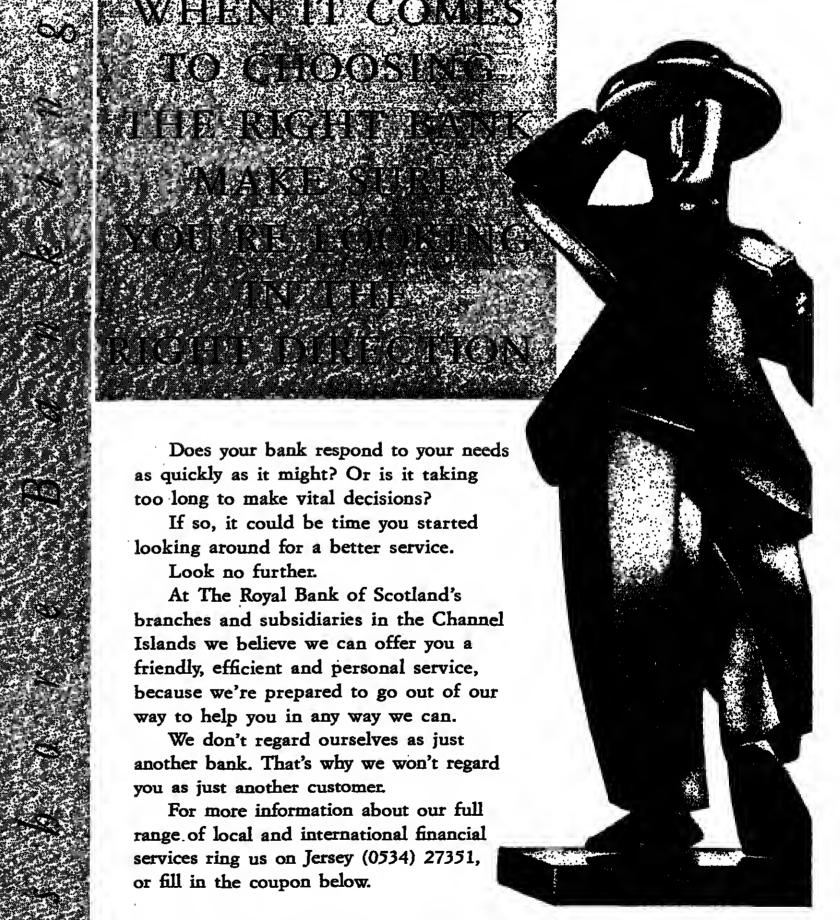
For instance, executives posted to unhealthy countries might wish to accrue rights

might wish to accrue rights rapidly and retire early. This might be difficult to accommo-date within the structure of a normal scheme. After retirement, moreover, pensions night be subject to withhold-ing tax, might be paid in an unsuitable currency, or might even be blocked by foreign exchange controls.

Why not simply accumulate savings in a tax-free offshore funds?

"Structuring savings as a pension plan may be more acceptable to the tax authorities in some countries," observes Rodney Benjamin. Which is the better centre for offshore pension funds, Jer-

sey or Guernsey? There seems to be comparatively little in it, with Guernsey offering more in the way of life assurance expertise, but Jersey perceived to be more flexible about the percentage of benefits which can be taken as a himp sums - though the differences here may be narrow ing in practice.



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### Game of musical chairs brings a bureaucratic dilemma

THE MOBILE and sometimes unruly stockbroking fraternity has provided some dilemmas the Channel Islands bureaucracy in the past year. In the upheavals following first Big Bang in the London Stock Exchange and then Black Monday a year later, several firms have shut down, others have started up, and there has been a general game of musical chairs as local brokers have sought to find, or start np firms offering more congenia

and stable employment. The good news is that sev eral new firms have been established. For instance, the merchant banking group Brown Shipley last month launched Brown Shipley Stock-brokers in Jersey, adding to its existing chain of 20 or so regional stockbroking offices on the UK mainland.

cept of the good old-fashioned agency broker was dead," says David Berkeley, chairman and managing director of the Brown Shipley group in St Helier. "The timing was per-

and CIPM manages, or advises on, around £100m of funds. Both these firms have drawn heavily on the expertise of executives from other brokers.

The action is not moving all one way: one of the biggest London securities firms, Barclays de Zoete Wedd, has opened a Guernsey office.

fect, when other firms were laying off staff." Another start-np firm is Channel Islands Portfolio Managers, also based in St Heller. Despite its name, it is essentially a broking business, and tially a broking business, and claims to be reverting to an old stockbroking concept, but using modern technology. In

ODERSE CHARLES IN A STATE OF THE STATE OF TH

These start-ups, in effect, form part of the a process of unscrambling many of the alliances pnt together pre-Big

the big London broker which is owned by Security Pacific, the Californian bank, bought a leading Jersey broker, Trevor operate in both islands.

move out of private client broking, and abruptly sold the business to the British & Commonwealth Merchant Bank All this, together with the post-crash slump in business, created such loss of morale that Hoare Govett in Jersey has been split apart. The Jer-sey business of another big London broker, Phillips & Drew, seems to have disap-

peared entirely. Two leading ex-P & D executives are now running CIPML Risewhere, there has been less drastic retrenchment. In January, James Capel sacked 23 staff in Jersey and Guernsey and dismissed an associated settlement team of 30 in London. But the firm has declared its intention to continue to

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all moving one way. One of the big London securities firms, Barclays de Zoete Wedd, a member of the Barclays Bank group, has opened a Guernsey office to service the Channel

can still make a comfortable living in the Channel Islands. Andrew Lampert at Dean Wit-ter (Canada) has built up an international clientele for North American stocks.

"Fortunately, we've not really been affected by the current overcapacity in stockbroking," he says. "By remaining small and cost-conscious we have stayed profitable every month since the crash." Screen-based price services, fax machines and high quality international telephone ser-

vices have greatly improved the capability of the offshore brokers. Against that, according to the chairman of one Jer-sey stockbroking firm, staff problems are "a nightmare."

After Big Bang and the rash, yet another recent mainand upheaval has created problems for Channel Islands brokers. Implementation of the

New technology is improving offshore brokers' capabilities

Financial Services Act last spring drastically changed the regulatory framework. Unless they join the Securities Association, firms in Jersey and Gnernsey are unable to pro-mote their services to mainland clients.

A consequential problem cropped up last August, when the old Stock Exchange compensation scheme was scrapped in favour of the broad financial services industry compensation plan operated by the UK's Securities and Investments Board. This left Stock Exchange member-firms in the Channel Islands, and in fact all overseas-based firms, uncov-

One of the local brokers who determined to do something about this was David Bowen, of the Jersey firm, Jefferson

Seal. "We were obviously concerned that we could not tell our clients that if the worst came to the worst they would have a claim on a fund," he

Stock Exchange working party which was able to set up a new partly insured scheme for mber firms in the Channel Islands and Ireland. This could prove a useful marketing safeguard for stockbroking firms like Jefferson Seal which focus on doing business with expatriates all round the world: London member firms in other countries are still uncovered.

**Barry Riley** 



#### Air of disbelief on the small island

### Sark's lark killed off

rid of the Sark Tent-a-director

SARK'S Tark' - the bird that laid golden eggs for many of the 520 inhabitants of the 1.274-acre feudal isle - has been officially killed off.

On January 1, Guernsey and Jersey introduced a new category of tax-exempt non-resident company that can be wholly run from within the

The move is designed to end the so-called 'Sark lark' which arose from the previous need for such companies to show they were controlled from outside. The majority recruited directors from Sark's still essentially rural community and held their board meetings. and held their board meetings there, often over a leisurely lobster hunch.

In Sark, there is an air of disbelief that the easy pickings are really over, especially as there will be no overnight transformation. Existing nonresident companies have a year's grace to re-arrange their affairs. Some Sark directors say that, in any case, more companies registered in the Isle of Man, Gibraltar, Panama and elsewhere are making use of their services.

Because few talk about it, the full extent of Sark's lark is unknown. But many thousands controlled from this sleepy isle where there is no company law, where cars are banned and where the constitution has altered little since Helier de Carteret, the first Seigneur, colonised it under the patron-age of Elizabeth I after driving

out the pirates.

At 2100 fo 2200 a year, Sark directors — particularly a husband and wife team — have little trouble in collecting an annual income of around £10,000. Some islanders believe that the earnings of a top flight handful are npwards of

.000,00012 Most Sarkese are resentful about what they have dubbed the Guernsey grab, claiming that the larger island simply wants to divert fringe benefits, such as the lobster lunch trade, to its own territory.

But both Guernsey and Jer-

business, which has cropped up continually to cloud the Channel Islands' reputation as responsible finance centre. Mr Michael Beaumont, the

hereditary Seigneur, is sur-prised that Sark's 'bubble' has lasted so long. He points out that, with no income tax, the wealth of residents is unrelated to general revenue, so the lark's demise will have no direct effect on the island's

Nevertheless, the decline in directors' fees will mean less money for island children's private education at boarding schools and colleges, and is also worrying resident who have taken out mortgages or home improvement loans on the strength of such earnings.

Other islanders, meanwhile, are resigned to taking no more exotic holidays abroad and to downgrading their choice of

The end of the Sark lark has been welcomed in Alderney, which is making a spirited hid to establish itself as a base for overspill finance business from Jersey and Guernsey.

Alderney is much the same size as Sark and is similarly part of the Guernsey Balliwick with a measure of self-government. But it is more sophisti-

live in or around the cobbled streets of the little town of St. Anne, and the island has its own sirport, a nine hold golf

Tax revenue from wealthy settlers (at Guernsey's rate) and tourist trade have enabled Alderney to pay its way, and it is only recently that the island has sought to broaden its economic base by attracting off-shore finance business.

At the end of last year the finance house of Dubarry Trustess set up in St Anne and a like building society is expec-

a UK building society is expec-ted to move into the nawly built Ollivier Court shortly.

These developments,

summed up in the words of its best-known resident, the cricket commentator and wine comoisseur John Arlott, who says that, though financial activities are set to grow, they will never be allowed to swamp the island's character.

promising inquiries, are seen as a sign that Alderney's cam-paign to show its suitability as an alternative Channel Islands location is beginning to bring

One advantage, compared

with Guernsey or Jersey, is that the island has no bousing

restrictions. Property prices compare favourably with those of 'open market' houses in

Guernsey available to newcom

Aurigny Air Services, based in Alderney, provides year round links with the larger

Channel Islands and with Southampton, and it is possible

to be in the City of London two

hours after leaving St. Arme. Local businessmen point out

that Alderney is in as good a

handle, say, the administration

of an offshore fund for a

smaller insurance company, since it shares all Guernsey's teler, fax and computer link

On the supervisory side,

Alderney is covered by Guern-sey legislation such as the

and i nvestor protection laws, while Gnernsey's Financial Services Commission is respon-sible for overall regulation of the Balliwick's finance indus-

available, notably at the new Ollivier Court complex, due to be officially opened in April, which has 17 office suites and

a conference room built round

a courtyard. Mitchell & Part-

ners, the agents, say that the rent is £50 a week for ground floor offices and £40 for first

floor offices.

Meanwhile, the general attitude of Alderney's inhabitants
to these developments is

All Market Control

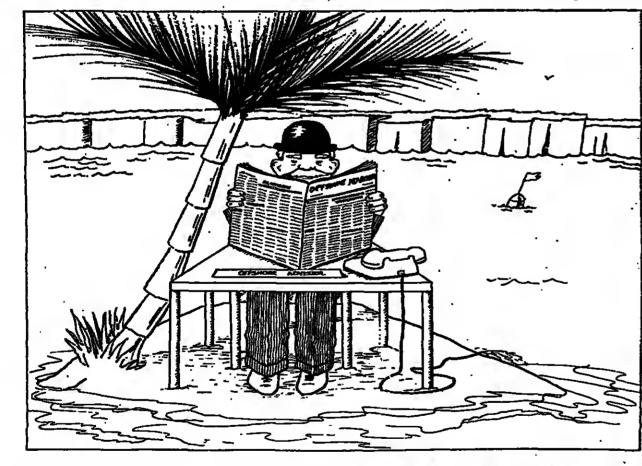
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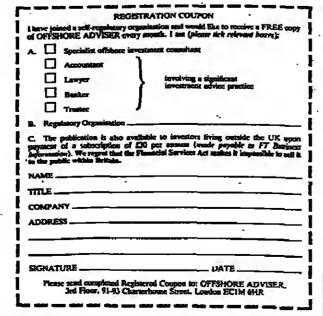
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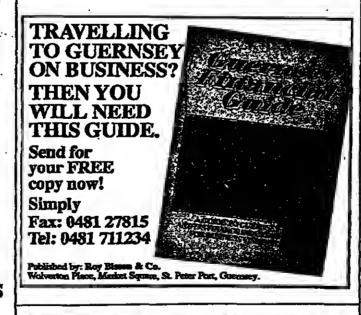
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**FINANCIAL TIMES** 

Regulations control prices and who can - and cannot - own property, says Robin Reeves

Jersey housing laws under fire

MR CLIFFORD JONES, the energetic managing director of Jersey estate agents, Broad-land Estates, is campaigning for the abolition, or at least drastic reform, of the island's

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draconian Housing Laws. The present system of strict Government controls over the housing market is iniquitous,

entitled to a free housing market. Why should they be told the price at which they can buy or sell their property?" Last year, Mr Jones together with a number of the island's estate agents ran a questionnaire in the local newspaper asking people their opinions on the local housing laws — "over 2,000 were in favour of abolition and only four were in

Even more worrying, Mr Jones says, was the number of people who refused to give their name and address on the grounds that they feared they might be "victimised" should they wish to sell their house. Jersey's housing laws, like the infamous Control of Undertakings and Developments

Law, are an immigration control measure, designed to ensure that the indigenous population of the island is not priced-out of its own housing The laws not only determine who, and who cannot, own property in Jersey, but also regulate the price at which residential property may be bought and sold. The controls pre-date the recent finance industry boom. The initial leg-islation was introduced in 1949 into the (English) Channel."

Mr Vandervliet stresses that

in 1970. Mr Henry Vandervilet, avun-cular President of the States (Parliament) of Jersey's seven-person strong Housing Com-mittee, stoutly defends present arrangements. He argues that they have helped Jersey to avoid the worst excesses of the house price inflation of the South-East of England and

and enacted in its present form

East Anglia.
"Nobody has proposed anything better. The present arrangements would be difficult to improve," he says. He concedes the laws were challenged in the European Court of Human Rights - "but the court found in our favour. It accepted that unless we preserve housing and building land for the local inhabitants, the whole island could sink

But without controls, Jersey would quickly be turned into one wast suburb by the demands not just of a rapidlygrowing immigrant population, but also by growth in holiday homes among the rich and

the rulee are interpreted humanely, not least because

Jersey cannot afford to fall foul

of the European Human Rights



Jersey's housing laws pre-date the finance industry boom.

well-to-do. While Jersey welcomes comparison with Hong Kong as a financial centre, it does not want the Chinese coltion, as a general rule only per-sons born in Jersey – or their offspring – have the right to buy or lease property on the

The main exceptions are key

Under the housing legisla-

hold after 20 years.

Jersey also offers, as is well known, the right of residence to a limited number of millionaires. The permitted annual intake nsed to be 15. More recently it has been cut to five. These "Category K" persons are permitted to buy one of a select range of properties, hav-ing satisfied the Housing Committee of their financial and social worth.

ank managers, doctors, and

dentists who are granted the right to lease a property after

10 years and to purchase free-

This means-test investigation includes how they acquired their wealth – an important consideration from the point of view of maintaining Jersey's international financial reputation.

Other people wanting to live in the island must either stay in lodgings (those which residency rights are allowed to take upto a maximum of five lodgers), in short-lease rented commodation, or in accom modation owned by their

This means that the many Scottish buildings workers and Portuguese botel staff, for example, can only acquire a stake in the local housing market by marrying an islander. The States housing commit-tee is charged with ensuring

The States housing committee is charged with ensuring not only that the island's property is occupied by those legally entitled to do so but also with approving the prices at which dwellings are bought and soid.

The Island Plan approved in 1867 envisaged the demand on the States housing sector being met by construction of an extra 2.000 States housing not only that the island's prop-erty is occupied by those legally entitled to do so but at which dwellings are bought

have to be registered at Jer- extra 2,000 States bousing

According to the criteria used by the committee, the right price for a house in Jer-

sey is its current replacement value using the same building materials, plus an amount for the building plot, the fixtures Mr Vandervliet admits, the impact will not be immediate. and fittings and the profes sional fees arising from the

If the committee is in doubt, it sends a quantity surveyor to value the property.

"If the proposed price is disputed, then it is referred to a special board of quantity sur-veyors." Mr Vandervliet explains. And if, at the end of the day, the vendor doesn't like the price set, he or she is always at liberty to withdraw the property from the market. As well as regulating prices the housing committee is also a major builder of houses – it is responsible for some 30 per

cent of the island's housing stock. It also provides cheap mortgages at a rate of interest of between three per cent and 10 per cent for the indigenous population Mr Vandervliet accepts that

these controls have not solved Jersey's housing problems. He stresses that there is no prob lem about housing essential employees, but the growth in the number of households

units for rent or purchase by 1985, when the population was expected to have reached 50,000. The 1986 census how-ever showed that the popula-tion was already in excess of

that figure and that the housing requirement was 1,250 units out of date. The Island Development has sponded and identified additional land for extra housing units. The revised plan is due to be published shortly. But,

"We have got between 600 and 700 families housed in inadequate, rented accommodation and I don't see the prob-lem being eased for another three to five years," he adds.

Back at Broadlands Estates, Mr Jones is unimpressed. He argues that the bureaucratic regulation of the market is exacerbating the island's housing problems by discouraging people from moving house and landowners from releasing

landowners from releasing land zoned for development.

"I have had people in my office in tears over the price set for their property by the committee. They have been forced to call off deals that were agreed with a willing purchaser and stay put because the price decided by the committee is inadequate."

Mr Jones has on occasions Mr Jones has on occasions

challenged the housing departments valuation.

"Last April, it valued a property at £69,950. After we ques-tioned it, the department came back in June with a price of £78,948 — simply because someone took it to task. If there is to be regulation housing market, Mr Jones would like to see Jersey adopt a system closer to that oper-

ated by Guernsey.

"Our Guernsey office doesn't
have anything like to same problems," he adds.

#### Tighter controls on housing are proposed

### Prices fall on Guernsey market

HOUSING PRICES OF Guernsey's 'Open Market' have fallen by about 15 per cent since last autumn, according to Mr Ben Lovell of Guernsey estate agents, Lovell and Partners.

A property purchased last year for £700,000 has just sold for £850,000, a price which, he says, is the typical current going rate for a three-bedroom,

low, set in half an acre, with sea or country views.

The island's Open Market consists of some 1,890 proper-ties, 10 per cent of the total, and placed on a special register in 1969 (the majority were selected on the basis that they had a rateable value of £50 or over in 1962) and which are available to anyhody to buy, sell and occupy.

The remaining 90 per cent of

residential properties on the island are reserved for the Local Market, in which current prices vary from £88,000 for a two to three-bedroom terraced house on the outskirts of St Peter's Port, needing money spent on it, to £350,000 for a farmhouse with outbuildings. Again, prices have fallen back 10-15 per cent in the face of the recent high level of interest

Local market property can only be occupied by people born and bred on the island or their offspring - or immigrant workers who have been licensed to do so by the States Housing Authority, though if they stay for 15 to 20 years, the latter also gain residential sta-

Although Guernsey's hous-ing laws are ostensibly less complicated that Jersey's, this

has not prevented a political row breaking out over recent moves to tighten them in an effort to stem the island's population growth. Population concern was trig-gered by the 1986 census which

Guernsey's housing laws are less complex than Jersey's regulations

showed the population had shot up to 55,482, compared with 53,300 in 1981. It is now thought to be around 59,000 in a land area of only some 24 sq

The Housing Anthority is proposing to the States to:

 Grant seasonal immigrant workers licences to occupy Local Market accommodation

for only 9 months at a time, after which they must re-apply.

Give hotels, open all the year round, the option of three-year licences for workers, who thereafter must leave the island for good.

In exceptional circum-stances, grant key workers res-idential licences for up to five

 Place upon employers the obligation to ensure that their migrant staff are legally Mr Lovell, who is also Presi-

dent of the Housing Authority, is confident that this tightening in the regime will stabilise the growth in the island's population. He also feels the alarm of the hotel and tourist indus-try is misplaced - "statistics

have shown, for example, thet 82 per cent of those employed by the tourist industry leave within three years, anyway,

The legislation to implement the proposals is due to go before the States in April. Significantly, however, an dditional proposal to introduce a law comparable with Jersey's Control of Undertakings to limit business forma-

tions and expansions has already been rejected. Unlike its neighbouring liwick, Guernsey has had had experience of unemployment in the relatively recent past. For all its worries over population growth and the pressures on its finite stock of housing, it

has drawn the line at adopting

Robin Reeves

New courses in further education and management training

### Moves to upgrade the workforce

ALTHOUGH the Halifax, Britain's biggest building society, has a presence in Jersey (following its takeover of a local financial institution) which it employs to attract deposits from around the world, the society has decided against offering house mort-

gages locally.

The local mortgage market: banks - and then there is also the problem of securing staff," explained a society spokesman. A Halifax branch without a mortgage department provides just one startling example of how Jersey's policy of seeking to stabilise the population, by licensing business formations and expansions and controlling howire effects one leading housing, effects one leading financial institution.

The local labour market the island'a traditional indus-

usch ou compact discs and take

tries, such as agriculture, con-struction, and the hotel and tourism sectors are now largely staffed by immigrants on short term contracts.
"It is perhaps easier to get-a

meal and a drink in a local hotel or hostelry if you speak Portuguese or Scots Lallans, than English or French," says

few qualifications are able to walk into some relatively well-paid jobs in banking. Others are in jobs with qualifications below those which would necessary to hold down a compa-

rable job in the UK.
Salary inflation is also a
problem, fuelled by the ability
of staff to flit from one job to another for an extra £500 at a time - though some employ-ers insist that this is now less

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TAX INSPECTORS

CAN ONLY

DREAM ABOUT.

island's economy, according to Mr Colin Powell, the island's powerful Economic Advisor, is through "business growth without people growth" — in other words, the island must

and services without increas-

The Islands seek to curb population growth with tighter immigration controls, improved workforce

training and increasing use of new technology upgrade the value of its goods

ing the numbers employed, a task which poses a particular challenge to Jersey's High-lands College of Further Edu-The way forward for the

cation and its Management Training Centre. There is no lack of enthusi-

asm. According to Dr Michael Guillon, Highlands' Principal, course enrollments at the college now total 8,000 annually some 10 per cent of the pop-

Bach department also has its own industrial advisory panel reflecting the changing needs of the local economy - "there is a tradition of participating in public affairs in the island, which spills over into educa-tion and training," he says. Typical of the courses esigned to meet the needs of

an 11-week evening class in an if week evening class in company and trust administra-tion which, if economics is included, gives students the opportunity to gain exemption from Stage One of the Char-tered Institute of Bankers

Trustee Diploma. But the most dramatic reflection of Highlands' response to the needs of Jersey's 'over-em-ployed economy,' has been a sharp growth in the number of self-financing, short training courses and seminars, designed to suit local company needs and arranged through the college Management Training Centre.

Mrs Anne Watkins, director, calculates that the centre last year ran a total of 97 short courses on snhjects ranging from simple office ekills to marketing, which were attended by 1,100 people. The centre is now being used on a regular basis by 150 com-panies, some of whom are considering putting the hulk of their training requirements into the hands of the centre. Even so, Mrs Watkins and Mr Dick Green, Development Officer of Jersey'e Advisory Training Council which, with a

budget of £0.5m underwrites the cost of many of the courses, stress that there are still many more companies to be sought out. "There are 3.000 employers on the island, 2,000 of which are significant and would bene-fit from training services," says Mr Green.

The Training Council's remit

extends to grant-aiding train-ing courses outside the island if the skills to be acquired are deemed useful for the development of the island'e economy. So important is its work condered that the States is considering making the Advisory Training Council self-funding through the introduction of an annual lawy of 210 per employee which would be clawed back by employers for training arranged or given. However, the proposal is a con-troversial one — many employ-ers are opposed — and Mr Green concedes that it may not be implemented, though he believes it would provide an invaluable spur to the develop-

One consequence of the growth in the finance industry has been a sharp decline in the oumber of school-leavers opt-ing to acquire the traditional craft skills. Highlands currently has only 31 students on craft courses compared with 79

in 1981. As a consequence, explains Mr Brian Le Marqand, manag-ing director of the Le Brun's Food Group and chairman of Highlands' Management Cen-tre industrial committee, his industry for one is having to replace many apprentices with Portuguese workers on eight

In Guernsey, on the other hand, an apprenticeship scheme in traditional craft skills launched during the 1960s with the establishment of the laboration of t the island'e College of High Education is alive and well, says Mr Bryan Cheetham, Vice Principal of the College.

Like Highlands, the Guern-sey college maintains close links with local industry through a series of advisory committee and currently has 5-600 apprentices under training with 400 registered employ-ers who guarantee a satisfac-tory level of training over a period of 4-5 years.

The States offers employers

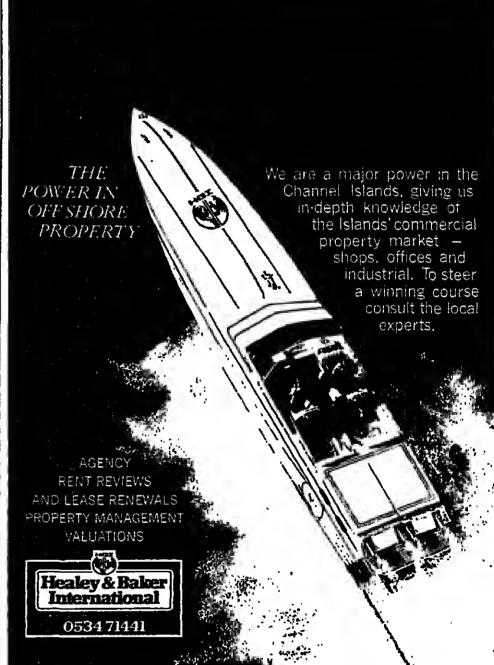
an incentive in the form of a

Efforts are being made to raise the value of goods and services without increasing the numbers employed

lock grant in the early years of apprentice and financial compensation for the day-releass of apprentices.But equally, it is a sign of the times that the college is seeking to accelerate the time taken for apprenticeships, initially in catering and motor vehicle engineering and thereafter construction and electronics, by persuading employers to agree to block release.

The growing number of dayrelease courses - they have shown a 9 per cent annual increase over the past three years - underpin a wide range of the professional skills now required by young people working in the island's financial sector. On top of that, the college is increasingly in the business of laying on self-financing short courses for local

"Whereas 15 years ago, the aim was to ensure an adequate level of vocational training for Guernsey youngsters, there is now much more pressure to provide a service to indigenous industry and train local people to do the jobs available," Mr







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the perfect cruise destination. Sailing craft leaving the port of St Malo or Granville with the tide, for example, can arrive in St Helier in six hours and during the summer 100 boats at a time do so. Yet satisfactory anchorage space when they reach the island is strictly

In contrast, Guernsey, which also benefits from being an ideal stop-over for craft sailing the Mediterranean, is able to do its many visiting yachtsmen proud. It recently completed an £18m, 860-berth marina along St Peter's Port north beach which is to be officially opened by the Queen in a few week's

The new facility has been largely filled by local boat owners but this has made amnle marina moorings available in the old harbour, which is ideal for visiting yachtsmen; they can step ashore into the town

In addition, Guernsey has smaller, privately-owned marina which was created ently in a disused quarry on the island'a north coast by dynamiting away the rock wall which separated the quarry from the sea. There is also the possibility of further marina facilities being built in St Sampson's harbour as part of scheme which has just been mooted to extend the harbour's

industrial moorings. That said, Jersey is not short of marina proposals. One is the centrepiece of one of the biggest private investment scheme ever contemplated in Jersey. Known as the Havre des Pas marina village proj-ect,it would add a new dimension to the town of St Helier, by creating a maritime village on reclaimed land, as well as a 1,000 berth marina, to the east of the present harbour.

Half the 100 acre site would be given over to five marina tidal lock. Other features include a 50-acre village of 900 housing units, of which up to 400 would be time share self-catering units, a swimming beach, covered sports facilities and a landscaped hill to shield the area from the fuel farm serving Jersey's cil-fired power station. Although it is nearly two years since the scheme. involving a capital investment of £80m-£100m, was first put forward, it is still awaiting out-

line planning consent. Another marina scheme is under consideration in St Anbin's Bay just to the west of the harbour's Albert Pier. This is being looked at by the States (Government) of Jersey as one potential use for an area close the town centre, which is cur-rently being reclaimed from the sea by dumping the island's inert non-combustible rubbish and waste material (Another potential demand on the area is for a multi-storey carpark to ease the town's

parking problems.)
The States was responsible for constructing Jersey's first marina in the late 1970s in a claimed land area at La Collette, which although not ideally located and regarded as only temporary has neverthe-

less proved very popular.

According to Mr Roy Bullen,
St Heller's harbour-master, it was sold out in six months and there is currently a six to sev-en-year waiting list for marina

The two new marina schemes are not necessarily utually exclusive. Observers helieve that there may sufficient demand to justify construction of both.

But other considerations have loomed into view in the past twelve months which have prompted the island's legislators to pause for thought. One is a demand from the Jer-sey Electricity Company for the construction of a new coalfired power station at St Helier to augment its existing oil-fired

#### Robin Reeves looks at new marina developments

### waterfront conundru

proposed Havre des Pas marina

other is the realisation that the present St Anbin's Bay land reclamation tip could run out of space before 1994 – its originally designated lifes-pan – and that a new reclamation area somewhere else around the harbour may well be the only realistic option for disposing of the island's noncombustible rubbish in the 1990s and beyond. This new land reclamation — in desper beyond La Collette is the

clearly open up another marina possibility.

But, more importantly, the States and its Island Development Committee has come to realise that sheer scale of developments now being contemplated around the St Helier harbour area is raising aes thetic, hydraulic and environmental questions which need to be answered before decisions can be taken about ting-up of an advisory commit-

ness and environmental interests under the chairmanship of Mr William Whitfield, the architect and planner. which is charged with drawing up a strategic plan for the future development of the whole St Helier waterfront area. Mr Whitfield is highly experienced in this field, having acted in a similar capacity for Bath and Durham.

Another factor of relevance is the potential impact of the various options on tidal flows. The IDC has just commissioned Hydraulic Research Ltd at Wallingford to study this key dimension of the various

Bnt ultimate decisions on the Whitfield committee's recommendations will lie with the IDC and States. This suggests that it could be at least a year before there is any deci sion which will lead to an eas ing of Jersey's chronic short-age of marina berths.

The joker in the pack is the proposed new coal-fired power station, which is currently the subject of an assessment study

by consultant engineers, W S Atkins. The basic argument in favour is that it will provide the island with significantlycheaper power than its pres oil-fired station and also add

diversity to its energy supplies. But there are alternatives. Jersey currently buys some of its electricity needs from France via an undersea cable. The island could undoubtedly secure additional supplies at a very attractive price from the largely nuclear power-based French grid, if it was mindful

down in the W S Atkins report and that the island decides instead to opt for one of the other energy options.

Mr R.J. Steven, chairman and managing director of Jersey's Ann Street Brewery Co., who recently joined the consortium founders, local advocate George Carter, to promote the scheme, argues passionately that the island would be foolish to choose the new coal-fired station in preference to the

The belief that a coal-fired

The joker in the pack is Jersey's proposed new coal-fired power station. If the project goes ahead, it will literally overshadow the Havre des Pas marina site

Another option would be for the island to link into the Continental European natural gas, again giving it the advantage of greater diversity of supply.

There is, however, a strong political and emotional relucance in the island to become dependent upon the French mainland for all but a marginal proportion of its energy supplies. Even in today's interdependent world, the conven-tional wisdom seems to be that this would compromise the island's status of independence under the crown.

The trouble is that if the coastal-fired station goes ahead it will literally overshadow the Havre des Pas marina project. The designated, and in practice probably the only conceivable site for the new facility is next to the existing cil-fired power station, overlooking Havre de

It will be difficult to attract the large sums necessary for the marina village if it turns out to be just downwind of a new power station handling thousands of tonnes of cost and ash each week.

Not surprisingly, therefore, the Havre des Pas consortium is hoping the coal-fired station will be given a firm thursday Mr Richard Falle and Mr

mertime, UK-CI-Cherbourg ser-

vice and a new UK-CI ferry operation by Weymouth Mari-time Services is due to start in

May between Weymouth and

It will use a former Norway-

station will maintain the island's energy independence is a myth, he says. It would be simply mean dependence upon the imported raw material — coal — creating a serious pollution problem, rather than upon the finished product - electric-

As befits the head of the

any which has also been

behind the development of Guernsey's highly successful of Guernsey's highly successful St Pierre Park hotel and gold course, he also argues that it is more important for Jersey to update its tourism industry hich, as well as requiring substantially more marina capacity, is also virtually devoid of self-catering accommodation, now favoured by one third of British holidaymakers. Havre des Pas is just the kind of bold, imaginative scheme which Jersey needs to update its tourism facilities and contribute towards desperately needed new housing pro-vision on the island," says Mr

But it looks like being up to another 12 months before it becomes clear if the Whitfield committee and the States — not to mention W S Atkins, the Jersey Electricity company, and Hydraulic Research —

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#### THE GROWING popularity of travelling to and from the Channel Islands by air, as opposed to sea, has been the minant feature of the archipelago's transport scene for

several years. Last year just under 2m passenger movements were recorded at Jersey's Airport. At almost 130,000 more than in

1987 – its golden jubilee year this is a 7 per cent increase.
 According to Senator Bernard Binnington, president of the Jersey Harbours and Air-port Committee, last year was the fourth successive year that annual Airport passenger movements, representing 'a good mix' of tourist and business travellers, have increased by over 100,000.

Actual aircraft movements of all kinds, including charters, offering 85,000 seats, increased from around 85,000 to over

In Guernsey, whose airport celebrates its golden jubilee in May, the pattern is similar, although the carrying figures are smaller, including those for charter services.
Of a record 1.1m air and sea

passenger movements, 825,338 were air travellers, 52,018 more than in 1987. Aircraft move-ments totalled 48,500, against

At 312,721, sea travellers to and from Guernsey numbered only about half the totals

recorded five years ago.
One of the reasons for the swing from sea to air travel has been the disappearance of British Rail's daily scheduled UK Channel Islands ferry services, with their cheap fare structures for ER employees. However, the islands have also benefitted from the con-tinuing worldwide boom in air travel, plus a trend by airlines to introduce faster, quieter, larger, short take-off and land-

ing-type, pressurised jet air-craft on the main UK Channel Islands rontes: London, Gatwick, Southampton and, lately, Manchester. lately, Manchester.
In Jersey, the new aircraft include Boeing 757s and 757s, 400 series, carrying up to 200 passengers. The 100-seat BAe 146 has also been welcomed in both islands and, apart from its use on several UK-CI routes, will be introduced on May 6 by Air UK on a weekly scheduled Zurich-Channel Islands service.
The Channel Islands now

The Channel Islands now

### Sea transporters fight back

### Boost for air services



Nearly 2m passenger movements — a record — were made at Jersey Airport last year.

have regular air links, some using 68-seat ATP aircraft, with all major commercial air-

ernsey has recently completed an \$18m marina development at St.Peter Port.

with all major commercial airports throughout the UK, including Scotland and Northern Ireland, although, in some cases, services are for summer time only.

Progress is also being made in developing additional direct air services to European cities, notably Amsterdam, Frankfurt, Dusseldorf and Paris.

What is surprising, perhaps

What is surprising, perhaps, in view of the increasing volume Channel Islands and Isle of Man business travellers, currently routed through Heathrow or Manchester, there are, as yet, no direct scheduled str services between the two off-

One of the success stories of the Channel Islands transport scene continues to be that of Aurigny Airlines, operating inter island services and some Southampton/ Bournemouth/ Checkeng consisted. Cherbourg services by Trilan-

This summer, the strine — which is 21 years old — plans at peak times to introduce at peak times to introduce flights every 15 minutes, instead of half-hourly, between Jersey and Guernsey and to increase its Alderney services. Aurigny's 'sister' company, Gnernsey Airlines, a UK-CI operator, is considering introd-

ro-ro ramps, spacious new cus-toms facilities and a new fish-The shift to larger, modern aircraft on external rontes,

however, while not creating a need for longer runways in either Jersey or Guernsey, has put increased pressure on existing Airport handling facil-ities, particularly at weekends.

In Jersey, a study is cur-rently being undertaken by British Airport Services and Senator Binnington is envisag-ing further substantial invest-ment, mainly in equipment. In Guernsey, the need for a

new passenger terminal releas-ing the existing building for airport and airline office accommodation has been iden-tified at an estimated cost of

tifled at an estimated cost of some £7m.

The island's Board of Administration, responsible for Guernsey's Airport and its two harbours St Peter Port and St Sampson's has already invested £2im improving facilities at the former venue. A £30m project for expanding St Sampson's Harbour, a more commercial port, needing commercial port, needing deep-water berths, is planned. At St Peter Port, a new 850-berth marina has been com-pleted and will be officially

opened, in late May, by the Queen. There are also now two

ermen's quay.

There has been giam worth of investments on greatly improved ferry, passenger and freight handling facilities at St Helier Harbour.

> In keeping with a policy of encouraging the use of larger aircraft, these harbour investments have spurred the introduction of larger ferries.

Previously, farry operators were restricted to vessels with a maximum length of 112 tres, but the new facilities

allow ferries up to 130 metres in length to be accommodated. The principal operator, Brit-ish Channel Islands Ferries, has responded by introducing the largest-ever car/passenger ship on the route, Named The Rozel, the 8,987-ton vessel car-ries up to 1,400 passengers and 300 cars. It is to be joined on 25 May by another new ferry the 3,382-ton Havelet.

BCIF, which has manfully filled the gap left by the depar-ture of Sealink, have switched its UK passenger terminal operations from Weymouth to Poole, leaving Portsmouth as the chief terminal for UK-CI freight operations.

Sealink still operate a sum-

to Dummark ferry, The Bohus, to be renamed St Julian and carry up to 560 passengers, 75 cars and 15 12-metre trailers. The operating company also plans a winter Weymouth Cherbourg service.

Two with space for 600 passengers and 90 cars, a greater city than its pre is due to appear on the Emer-aude Ferries, CI-St.Malo services from this April.

Torbay Seaways are expec-ted to continue their Torquay-CI services this year, as is Service Maritime, a French-owned company that carries thou-sands of passengers into the islands from Cherbourg and

Carteret. If this is not evidence enough that sea transport o perators are fighting back against airline competition. senger hydrofoll company, Condor Shipping of Guernsey is extending the length of its Weymouth CI season this year, as well as maintaining high frequency inter island and St Malo CI services

The company, which also uses a 300-passenger, high-speed, water jet catamaran, expects to carry over 400,000 passengers on all routes this year - its 25th. It passed its five millionth customer milestone last year when it carried 85,000 on its Waymouth-Guernsey services.

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#### **CHANNEL ISLANDS 7**

Their islands, blessed with fertile soil and a mild climate,

85 per cent of the UK freesia

distinctive traditional Jersey and Guernsey pullovers - is undergoing a revival in both

Jersey and Guernsey, with

Commercial fishing is

undergoing a revival

in both Jersey and **Guernsey with good** 

local sales and

exports

strong local sales and increasing exports of crustacea and wet fish.

Maintaining these indige-nous industries continues to provide a solid challenge, not

only for those directly

involved, but also for politi-cians and civil servants who

are anxious to ensure these

activities remain important parts of the insular economies

as well as being vital contribu-tors to the social and physical

Jersey's agricultural, horti-cultural and fishing interests,

together earning over £42m a year, are overseen by the island's Committee for Agricul-

ture and Fisheries, headed by

In Guernsey, where horticul-ture - with an export value of

around £32m - is predomi-nant, these sectors are over-

seen by three separate commit-

In Jersey, while the interests

of crop producers and fisher-men are far from overlooked

great importance is attached to the 6,000-head herd of dairy

cattle, 4,000 of them 'milkers.' Senator Horsfall and his chief officer, Mr Peter Bastion,

closer control of dairy farming than anywhere else" — this includes involvement in milk recording, artificial insemina-tion, animal health, breed

improvement and slaughtering. They estimate that the herd produces around 3m gallons of

well-being of island life.

Senator Pierre Horsfall.

Bob Baker reports on the expansion in postal and telecommunication services

### The boom years continue

WITH the exception of tion in Guernsey where it is a philately, which has generally seen a downturn of interest worldwide, the independent postal and telecommunications services of the Channel islands continue to enjoy a

series of boom years.

Boosted by the finance industry-led economic growth which until recently was growing at up to 10 per cent a year in real terms, these essential services, particularly in an island context, are handling increasing volumes of business

at record-breaking pace, relatively cheaply and profitably.

In 1987, the last year for which statistics are available for all these services, Jersey's Post Office handled 30.5m lettings alone, an increase of nearly 4m on the previous

Both Jersey and Guernsey postal systems are handling increasing volumes of mail order and sale by post traffic. The number of letter bags received in Jersey was 98,713, against 89,542 in 1986 and 78,070 in 1985. The number of parcel bags received made another record at 121,646.

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Around 84 per cent of inward first-class letters delivered daily had been posted the pre-vious day and 84 per cent of inward second-class mail was delivered by the third day after

Including philatelic profits of £425,370 (earned on a turnover of £1.4m), the Jersey Post Office produced a record profit of £2.06m - the £1.6m attrib-utable to Post Office and Mails was the largest-ever.

To maintain services and profits, the Jersey Post Office (an island government department, unlike its 'sister' opera-

self-financing, autonomous trading undertaking) is planning a new postal complex in St. Helier, with increased mechanised handling.

The project, approved by the

island parliament late last year, is expected to be com-pleted by 1993. This is seen as the way to maintain and improve efficiency, without a big increase in manpower, and was suggested by the British Post Office Consultancy Ser-

Post Office Consultancy Service as long ago as 1985.
Guernsey's Post Office completed its own, purpose-designed 24.5m headquarters in St Peter Port, five years ago—but, even so, it has since had to increase its parcel-handling

During 1987, its sorting staff handled nearly 18m inward and outward postal items, including parcels which, on occasions, have even included a settee and a large tractor tyre, sporting an addressed label tied on with a piece of

Both Jersey and Guernsey Post Offices use roll-on, roll-off ferry services for parcel carry-ing and, while Jersey uses scheduled air services for letter mail. Guerosey uses a char-tered carrier operating from Lut on Airport.

Weather and technical hitches willing, inward mail arrives in Guernsey between 6.0 a.m. and 6.30 a.m., most mornings. The latest posting time for outward mail is 4.15

Jersey and the British Post Office are currently requesting their joint mail and newspaper carrier, TNT, to arrive by 5.45

The latest outward posting

in Jersey, largely because of higher volumes, is 3.30 p.m.

Guernsey's Post Office, which is also responsible for postal services in Alderney, Sark and Herm, has around 38,000 philatelic standing account customers worldwide.

The number is roughly the to make profits of some £250,600 a year, although in the past these have reached as high as film.

Since 1969, when the two islands gained postal indepen-dence from the UK's former GPO, Guernsey's Post Office has voluntarily contributed approaching £10m worth of philatelic profits to the island government's general reve-

In 1987, Guernsey Telecoms produced a trading surplus of 23.6m against £2.9m the previous year, and saw its gross income rise from £7.3m to

In Jersey, a profit of 25.9m (£4.9m 1985) was achieved on gross income of £18.7m

Considerable investment averaging 24m a year in Jersey alone, continues to be made upgrading exchanges to "Sys-tem X" throughout the islands.

Various projects are introdu-cing the latest equipment, including transverse screen and fibre optic networking and data communications for cus-tomers and improving submarine cable, along with British Telecoms, with microwave links with the outside world. A new £10m digital fibre optic cross-Channel submarine cable has recently been com-

Jersey is about to commission a new 140 megabyte, digital 2,000-circuit microwave link with France and the UK which should provide, among other things, 100 per cent back up for the Channel Islands, should the submarine cable links fail.

pleted and is on test.

Jersey's 45,000 subscribers are charged at 3.9p a unit and Guernsey's 31,000 are charged at 3.5p, in each case with unlimited time on local calls, against the UK rate of 5.2p a

For this, they have direct trunk dialling to all perts of the UK, international dialling

to 185, other countries, plus telex to some 220. The use of facsimile services, telephone pagers and cellular phones is increasing in the islands, along with all forms of systems. Guernsey users of SWIFT (Society for Worldwide Interbank Financial Telecom-munications), for example, transmit over 100,000 messages

By this summer, both islands will be offering Megaline and Kiloline high-speed, digital data services and ISDX, already available in Guernsey, will be in Jersey by the year

produces around 3m gallons of milk a year to meet a liquid requirement of some 2.2m gallons, with the remainder converted into cream, butter and yoghurt, but no cheese; the entire output is worth some £7m at retail prices.

Protecting the health and purity of the Jersey breed in which export interest is increasing is of paramount. Mr T.F.Ayton, director of the States of Jersey Telecommuni-cations Board, is already predicting the arrival of video telephone services in the not too distant future, following increasing is of paramount importance. This is why - Senator Horsfall says - a deroequipment demonstrations this

Strong exports of edible produce

Agriculture, horticulture and fishing sectors win larger orders

gation supporting a continued ben on importing other breeds and fishing have for genera-tions provided the economic (even deer, sheep and goats are kept out), has been agreed with the EC. He expects a similar lifeblood' of Channel Islandderogation to be approved to prevent the importation of liq-uid milk from the EC into the

are still famous for the distinctive, pure breeds of Jersey, Guernsey and Alderney dairy cattle — although the latter, because of the German Occupa-tion, have sadly ceased to exist rds after 1992. Nearly 60 per cent of Jersey's 45 sq. miles is in agricultural use. Around 75 per cent of local dairy farmers also grow crops. Despite agricultural land val-

tion, have sadly ceased to exist in their homeland.

Today, the islands are also substantial exporters — mostly to the UK — of a variety of edible produce, especially Jersey potatoes and Guernsey tomatoes, with an equally wide variety of cut flowers, including Jersey narcissi and Guernsey freesias, the latter holding \$5 per cent of the UK freesia. ues of around £7,000 an acre, against an average of some £1,500 in the UK, 36 per cent is farmer-owned in Jersey and much of the remainder leased from benign landlords at £300 to £400 an acre.

During 1987, £27.5m worth of crops were exported; these included potatoes (£15.6m), tomatoes (£5m) and cut flowers (£2.5m). Guernsey's peak year for

Commercial fishing, which once took islanders as far as the waters off Newfoundland — and indirectly helped to spawn the overseas demand for horticultural exports was 1965 when, at 1987 values, its com-mercial glasshouse industry earned an estimated £88m, mostly from tomatoes. It also worked 1.128 acres of 'vineries - so-called because, a century ago, grapes were the principal crop — and employed more than 5,000 full-time staff.

In 1987, the value of Guern-sey's horticultural exports was estimated at £32.2m of which £10m was earned by tomato-growers. In addition, the industry worked only 690 acres and employed only 1,817 full-time

In a recent report by the States Committee for Horticulture, this traumatic shrinkage was attributed to the second round of oil price increases in 1980 which, quite simply, made tomato growing in heated glasshouses unprofitable in

Many growers went out of business while others survived by switching to other produce such as freesias, carnations and crops with relatively low

have seen falling oil prices -and a return to the profitabil ity nearer the levels of the 1970s which has generated confidence and is encouraging new

With expanding markets in the UK and northern Europe particularly for quality produce, the committee is anticipating total returns of 540m in 1993 from 570 cropped acres, against the present 630 acres.

To help the process along the island government has approved a six-year programme to encourage more capital investment plus measures to improve produce and market promotion, training facilities and crop development. At the same time, gov ernment spending on advisory growers will be encouraged to pay for specific services

Farming, too, is to receive a boost from the construction of a new £2.2m government-run dairy which will annually sell more than £4.6m worth of liq-uid milk, butter, cheese and yoghurt to local customers.

The industry has seen a decline in the number of farms since 1978 from 135 to 87, but the herd size some 4,000 with 2,400 milkers has remained the same. Over the decade, liquid milk production has risen by 15 per cent from 8.04m to 9.2m



Tomato-picking in Guernsey.

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### Shellfishing industry Rivalries between

the islands JERSEY and Guernsey are the base for a £10m-a-year shell-fishing industry — with the two islands working in great

rivalry.
One factor that helps to unite them, however, is a mutual dislike the grant sys-tem for fishing industries from Britain and European Commu-

nity.

Channel Island shellfish harvesting and processing is an up-and-coming industry with a yearly income of around £6.5m. of which Guernsey has an income of just over £3m. Both islands have developed

their industry without British or European Community aid -but must continue to compete with grant-aided fishermen

from France and Britain.
For many in the islands, con-servation of shellfish stock around Jersey, Guernsey, Alderney and Sark is also an

important issue.

While EC regulations seek to control and reduce certain fishing activities, the view among fishermen in the Channel islands is that such a reduction would not be necessary if fish-ing interests were allowed to develop purely on their own finances - as has been the case

"All we want to achieve is the conservation of our stocks in the face of subsidised operacountries should adopt a similar policy," says a Guernsey

The Guernsey Fishermen's Association is also seeking to chose what it sees as a possible "loophole" in safety regulations, whereby UK vessels can register in Guernsey.

Another issue that causes frustration among Guernsey fishermen is the the layout of harbour developments at St.Peter Port, where there is some resentment about "being hived off to a quay in a remote correct ment of the fishermen." ner - many of the fishermen would have preferred the authorities to have built simple slipways, so that loading and unloading would be easier."

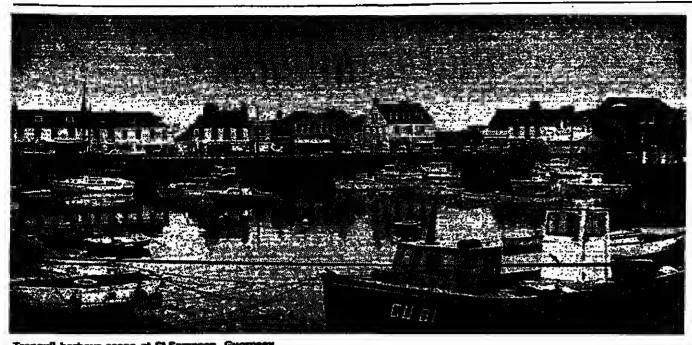
With tides varying as much as 34ft., some skippers and crewmen claim that it is difficulf to come alongside the new

Despite the Jersey port of St Helier having invested £1.4 in a new fish quay and 22 acres of land for the fishing industry, some crews are unhappy about the development. The quay is a two-tier construction because

of substantial tides. Fishermen maintain that most of the island's shellfishing hours cannot easily use the facilities because the channel is too restrictive and the quay lacks lifting facilities to officed produce.

**Barrie Stevens** 

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Banks in Library Place, St Heller, the capital of Jersey

Edward Owen on plans by the tourism industry "to get its product right"

### Battle with mass-market competitors

WITH the Single European Market and the Channel Tun-nel project looming ahead, the tourist anthorities in Jersey and Gnernsey are giving a great deal of thought at pres-

ent to future strategy. Jersey's Tourism Department, recently re-organised under its new director, Ms Sheila Henwood, to create a separate Continental marketing division, has a working party studying the recommendations of the two major reports on the industry's

The Guernsey Tourist Board which is mounting a £50,000 visitor survey this year, is giv-ing special importance in its long-term planning to what director of tourism, Mr Michael Walden, calls "getting the product right", which means reviewing everything from

Continued from Page 1

standable resentment on the

part of young people being priced out of the housing mar-

According to Robin Rumboll,

an elected member of the States of Jersey, and a senior partner of accountants Coopers

& Lybrand, there has some-times been a feeling in the past

that the offshore finance indus

try might be only transitional.

After all, it dates back no more

than 25 years or so. But now it is more firmly

servation of the countryside.

Tourism remains a very important second leg of the economy in both Jersey and Guernsey, and is the main sup-port of Alderney, Sark and Herm. A survey last year put Jersey's earnings from this source at £216m. Guernsey's estimates differ, but Mr Wal-den says he believes the figure

must now be around £100m.
So far, the islands have successfully held on to their tourist trade against competition from mass marketed package tours to sunnier resorts, although local hoteliers are having to adapt to later bookings, shorter stays and room rates geared to tour operators'

requirements.
The Channel Islands no longer rely for the entertainment of visitors just on their beaches

rooted, and Jersey has become

very dependent on it for tax

revenues - "there can hardly

be a Jersey family that does not have a member working in the finance industry," he says. The problems of success afflict both islands, however.

In particular, they are attempt-ing to grapple with the labour shortages and the worrying

growth of population. Probably the political atmosphere has cooled a little since 1987, when

to have topped 80,000 and there

and spectacular scenery, or even on their considerable array of castles, museums and other attractions like the Jersey Zoo or Victor Hugo's house of exile in Guernsey.

are organised throughout the season. Besides its famous bat-

Tourism remains a very important second leg of the economy in both Jersey and Guernsey

sey has Italian, Portuguese and French weeks and is introduc-ing a new event, the Jersey Fair, during May.

Gnernsey runs dancing, music and chess festivals and

Way as a small riposte to Jersey's long-running TV expo-sure through the Bergerac

festival first held in 1987.

Guernsey has also been par-

ting itself as a boating centre. The island was the main spon-sor of the 1988 London Boat

Show and last September hosted the World Powerboat

Championships (earning appearances in BBC TV's

marine soap opera, Howards

thriller series).

Another big powerboat event is to be held in Guernsey this year, along with several regat-tas and yacht races.

One problem still to be overtourism officials generally share the confidence of Mr come, though, is the reluctance of many island hoteliers to Roger Le Monnier, Jersey's contract rooms to Contine marketing manager for Europe, that the islands' holi-day product is "sufficiently tour operators often with nerve-rackingly late release dates as long as they know they can fill their beds from the British market. unique to retain a very strong appeal," it is accepted that the novelty of the Channel Tunnel As Jersey and Guernsey

and easier European travel could lose them, at least in-tially, some of their traditional hoteliers agreed at a recent joint meeting, another important factor in retaining a tour-UK holiday business.

The islands are preparing for ist niche in the new Europe will be to ensure that the local this contingency by stepping up their promotional efforts in markets such as the Netherindustry's facilities and serinds, West Germany, Switzer-

vices are of a high quality.

Both the larger Channel islands have had compulsory hotel grading for 40 years, but fresh standards are now being land and Scandinavia. At present, about 20 per cent of Jersein, about 20 fet cent of Jersey's 790,000 staying visi-tors and 15 per cent of Guern-sey's 350,000 come from outside the UK. Both islands would set for the 1990s. A new Jersey scheme due to come into force in 1991 has been "an enormous exercise, really in depth," according to the president of the hoteliers' association, Mr like to see the figure nearer 25

Albert Able. It is involving official inspec-tion and regrading of every hotel and guest house in the light of stricter requirements for private baths and other

Higher standards, however, call for the kind of resources that are stretched to the limit in the Channel Islands, such as land, building contractors and skilled catering staff. The pressures of an overheated econ-omy on the tourist industry are already showing them-

lost in Guernsey over the past two years as a result of a loop-hole in the planning law that hotel staff from outside would

has allowed tourist properties to be sold for housing and residential homes for the elderly.

Particularly hard-hit has been the self-catering sector, been the self-catering sector, which Guernsey started to develop in the early 1970s while Jersey was still discouraging it. The Tourist Board's policy of having holiday bungalows built to a permanent standard has rebounded on its, because these properties have made ideal lower-priced homes for first-time buyers.

for first-time buyers. Mr Michael Walden, director of tourism, says: "We are per-ticularly concerned about the loss of prime tourists sites which, given the shortage of land and housing situation, are

never likely to be recovered. Staffing has also become a critical issue in Guernsey, Under a proposed sharpening of the housing regulations, designed to curb immigration by preventing imported labour

be allowed to stay for only nine and then never return.

The managements of Guerrasey's top 12 hotels have pro-tested that this will have a "disastrous" effect on recruitment and make it impossible to attract the quality of staff needed to maintain good standards of service.

The dilemma is typified by the situation of Guernsey's four-star 133-bedroom St Plerre Park Hotel, whose Jersey owners. Ann Street Browery, promised to train and employ. largely local staff when the establishment was opened in

In the event, the hotel has had to import virtually all its staff and recently applied to build a 100-bed block on the site to house them. Here, however, it came up against plan-ning restrictions and, like another hotel that wants to add an 18-bole golf course, had its application turned down

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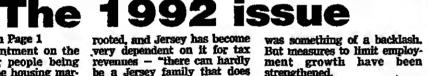


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Guernsev PLACE DU COMMERCE BOUET ST. PETER PORT CHANNEL ISLANDS



Jersey has become tougher in its attitude to 'J-category' skilled immigrants who can now only obtain relatively short-term (though renewable) employment contracts and can be much less confident than before that they will be able to remain in Jersey for the ten years needed to obtain the right to purchase a house.

Jersey's population was shown Guernsey has rejected the style Control of Undertakings Law, under which the Jersey Law, under which the Jersey authorities can control the number of employees in each company. But it is tightening its system of work permits, arousing complaints from the tourist industry.

The economic boom is serving to generate a surge of tax revenues that are sending the budgets of Jersey and Guernsey into heavy surplus, mirror-

sey into beavy surplus, mirror-ing the UK situation. The Jer-sey income tax yield is expected to rise by 15 per cent in 1989, and despite sharply higher public spending there is projected to be another £30m to add to the Strategic Reserve (a 'rainy day' fund), taking it to

What could cause such a rainy day? The vulnerability of both territories to a setback in the offshore finance industry is becoming greater. But there could be opportunities as well as risks. The Channel Islands sense that there could be a chance to build new relation-

After the Christmas featre Tax Year. Time then f ALDERNEY is the only simple



Richard Amold, president of the Guernsey Chamber of Com-— "there's a fear of the unknown," on the 1992 issue.

ships throughout Europe, although they face competition from a variety of locations within the EC, including Dublin, Gibraltar and Madeira. "It is better to have an off-

drive people to more distant locations, says Colin Powell. "The concept of offshore Europe is an attractive one to member-countries, as well as to the offshore centres." shore centre within your

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#### ACCOUNTANCY COLUMN

### The brand new concept of current people accounting

By Richard Waters

FORGET brand accounting. I have invented a way of putting a company's real worth into its

I have to confess that my idea is similar to hrand accounting, which involves putting a value on these intengible assets and so creating extra reserves out of nowhere.
All you do is to wander around your office, look out for any people who may be around, and value them.
(When I say value them, I actually mean put a palue on them

- I'm sure that as a caring
employer you value them

already.)
This system, which I have patented is called Current People Accounting (CPA for

short).

People are just as much assets as brands. They clearly fit the definition, contained in Professor David Solomons' suggested accounting framework last year, of an asset: resources that are expected to yield a company future economic benefit and which it controls.

You even hear talk of "peo-ple businesses", so the stock market obviously understands the concept.

What is more, people are easier to identify than hrands - there seems little room for dispute about what one is or how you distinguish it from her intangible assets. Value people? Moch too

risky, I hear you say. They might get up and walk off. True, but then most assets have a finite useful life. The only question is how long that is going to be. And if you really think that your people might just walk off, shouldn't share-holders know? They might be concerned: they think you are

Putting a value on people is a tricky one, but here are four methods tried as an experiment

doing something to make sure

your workforce stays around for a while, just as you are keeping your machines in good

Ah, but how do you put a value ou people, you ask? I have to admit this is a tricky one, but I think I have come up with the answer. I tried out four methods on myself as an experiment. These were the

• The first method was to arrive at my economic value to the Financial Times. This involved working out what portion of the paper's sales each day are due solely to my efforts. I then projected this

forward for the next 30 years (by which time I will be the editor, so my value to the paper will have gone up enor-mously by then), and dis-counted the whole lot back to present values. The result:

 Unhappy with this, I went on to method number two, which involved calculating my historic cost. This was simple: I added together what the FT had spent in hiring me and the training that has gone into making me the highly profes-sional journalist I am today. I then depreciated this at a rate of 2 per cent a year to reflect my mortality. Result £8.50. Hmmm Method number three was to work out my replacement cost - how much it would cost the paper to fill my shoes. This is difficult because I consider I am unique but at a circle it most

mique, but at a pinch it might be possible to retrain some highly skilled individual. This was more like it, because I eoded up with the figure of

• For luck, I tried one more method: market value. If I were to offer myself oo the open market, what sort of "sign-ing-on" fee could I command? The market is a hit thin compared to that for, say, footballers, but I ended up with an estimate of £5. (If you think this is too modest, please let

me know). However, I decided the market value method was a bit unreliable. After all, some teams of stockbrokers got hig signing-on fees two years ago,

and look at them now. The findings from my experi-ments are extremely encouraging. The FT could never afford to replace me; my value to the paper is more than I cost it inthe first place, and so it is

People managers could be judged by return on capital as represented by their staff

showing a "profit" oo its investment in me; and it could never recover its investment if it tried to sell me on the open market.

This method is obviously a success, and I will be writing to the FT's finance director suggesting he puts me in his books at £12.53. I can see all sorts of uses for

For a start, people managers could be judged by the return on capital represented by their

Suppose you run a division of an advertising agency with staff worth, say, £100,000 (the

depreciation rate is higher than the average, because these people wear out or walk out more frequently than most). What sort of return are you making on this investment - and how does it compare

with other uses to which the capital could be put?

I estimate that, having used this system, half of the advertising ageocies in the UK would close down and put their money in the building society instead.

A second way of judging peo-ple managers is on changes in the value of their workforce. If, in the above example, your £100,000 workforce at the start of the year is worth only £75,000 at the end, you have serious questions that need to be addressed.

Is the manager "milking" his assets for short-term profits with no view to the future? Has he failed to invest in the next generation of income-gen-erating workers? Has he failed to look after his assets and allowed them to fall into a state of disrepair? I think I have hit on a fash-ionable notion here. In its som-

inal report on financial report-iog last year, Making Corporate Reports Valuable. the Institute of Chartered Accountants of Scotland suggested that companies should produce a Statement of Changes in Financial Wealth

be an important part of such a statement - in fact, the single most important part for any

Compariog depreciatioo rates between compaoles would also be useful. If one company wrote off staff over ten years and another in the

same industry over five, share

Wouldn't you like to know how fast you are being depreciated, or when the rate is speeded up?

holders could justifiably quartheir directors on the disparity.

There are also advantages in all this for workers. Wouldn't you like to know how much your employer thinks you're

your employer talinks you're worth? Or how fast you are being depreciated? Or when your depreciation rate is speeded up? The possible uses seem almost endless. If you would like to subscribe to this system, please drop me a line — or better still write to the Accounting Standards Committee. And, please, no more of this brand accounting con-

**ACCOUNTANCY APPOINTMENTS** 

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The Group has concentrated resources on exploiting its leading beverage and confectionery brands. Existing businesses have been supplemented by carefully planned acquisitions and non-mainstream operations divested.

businesses have been supplemented by carefully planned acquisitions and non-mainstream operations divested. Since 1985, Trading Profit and Earnings per Share have more than doubled.

The established tax function is headed by an experienced Group Manager, who now seeks to recruit a deputy. As No. 2 there will be initial involvement, for a transitional period, with some U.K. corporate tax compliance. You will also take responsibility for VAT planning and liaison with Customs & Excise. The main emphasis, however, lies in an increasing involvement with planning for tax efficient business structures internationally in conjunction with the Croup Manager - Revision of International structures, acquisitions, divestments, financing techniques and dividend/royalty planning:

"Suitable candidates are likely to be professionally qualified, aged 28-35 years, with approximately 5 years P.Q.E. in tax. The role demands a questioning pro-active approach, strong communication skills, and a good feel for commercially workshie tax solutions. It represents an outstanding challenge for tax specialists – a front-line role in one of the U.K.'s most prestigious organisations.

For further information contact Nicki Corner on (01) 936 2940 (evenings w/ends (01) 326 1516) or send a G.V. and covering letter to Brewer Morris, Ludgate House, 107 Fleet Street, London ECAA 2AB.

and covering letter to Brewer Morris, Ludgate House, 107 Fleet Street, London ECAA 2AB.

### Chief Financial Officer

European role c£44,000 + bonus, car etc Middlesex

Our client, a successful and growing part of a US parent, has significant Service Industry interests in the UK and Europe. To take account of further development plans, the Company requires the services of a Financial Executive of positive commercial approach for this new and key appointment.

Reporting to President and Chief Operational Executive, who is based in the UK, the successful applicant. will, and in addition to overall responsibility for the co-ordination of effective accounting, budgeting and financial planning for UK and Europe, participate in determining corporate policy and commercial strategy.

Applicants, aged 35 to 50, Chartered Accountants, must have had at least seven years experience in a senior international financial appointment, and a distinct ability to communicate and liaise effectively with all levels of international management. A commitment to approximately 30% travel in W. Europe

is required, and a reasonable

knowledge of the German language is essential.

In addition to salary, benefits will include a bonus related to profits and personal input.

Applicants should write enclosing a full CV including details of current salary and quoting reference MCS/3017 to: Janet Stockton **Executive Selection Division** Price Waterhouse ment Consultants

No. 1 London Bridge

London SEL 90L

Price Waterhouse



### Group Financial **Director**

London W1

Salary to £35,000 + car

This is an exciting opportunity for an entrepreneurial accountant to join a small, very successful company in its early stages of development. Our client, a well respected and award winning Design Company, has undergone dramatic growth since its recent inception. Founded in 1983, the company has established itself as one of the market leaders in graphic design, specialising in packaging and corporate identity, and maintains an impressive portfolio of blue chip clients. They have subsequently identified the need for a Group Financial Director to lead them into the 1990s.

Reporting to the Managing Director this will be a 'hands-on' role involving responsibility for all accounting, legal and administration functions as well as being an active and contributory participant with regards future business growth and development including potential acquisitions.

Candidates should be qualified Accountants, aged between 28-32. They will be ambitious with a developed sense of commercial awareness, combined with the ability to fit into a fast moving and creative environment. The candidate should demonstrate

to fit into a fast moving and creative environment. The candidate should demonstrate the commitment necessary to implement an ambitious growth programme over the next

Interested candidates, who meet this criteria should send a detailed curriculum vitae including current salary and daytime telephone number to Carol Jardine, quoting reference LM418 to Spicers Executive Selection, 13 Bruton Street, London W1X 7AH.



Alternative Programme

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### DYNAMIC YOUNG FINANCIAL CONTROLLER

#### Birmingham

opportunity for you.

Are you frustrated by being forced to do

routine accounts work when you feel

ready for a more commercial role? How

long will it be before you can command

respect for your all round business knowledge? If you are dissatisfied with your present role perhaps this is the

Our Client is a rapidly expanding supplier and

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approaching £3m. The Managing Director is looking for a qualified Accountant who will help him to run the

business, setting up financial and administrative systems to enable further development into its well-established markets. The company is securely based and financed and has ambitious plans to move to larger purpose-built

To \$25,000 plus Car

accommodation in the near future. Your demanding role would underpin

this growth, giving you a substantial salary, executive car and other benefits, in addition to relocation expenses where appropriate. In return you must have hands on experience of micro computers and spreadsheets, with knowledge of a range of software. Prospects for appointment to Finance Director are excellent for candidates with a genuine entrepreneurial approach, strong determination and a

sense of humour. In the first instance you should write to Trevor Dawes, BIS Executive Resourcing, Ringway House, 45 Bull Street, Colmore Circus, Birmingham B4 6AF quoting Reference KG229 or telephone him on 021-236 1687.

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Reporting to the Managing Director and supervising a finance team of 5, the role will encompass year-end reporting and regular management accounts, forecasting, planning and budgeting in addition to systems review and development. Additionally, investigation of potential acquisition targets and tightening of existing controls will be provided by the controls will be controls will be controls of the controls of the controls will be controls of the control of the controls of the control of the controls of the control of be required. Prospects are excellent with the probability of e Directorship within 18 months.

Emphasis will be placed upon commercial awareness and a successful track record to date in a management role. Please apply directly to Richard Carter at Robert Half, Prespost, Walter House, Bedford Street, 418 The Strand, London WC2R OBR. Telephone: 01-836 3545, evenings 0344 885911. Alternatively fax your details on 01-836 4942.

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### Financial Controller

The traditional rate of the finance

financial occounting team into a key business unit. Whitst the production of monthly and shiftstary accounts remains an important task, the overriding priority is to identify the information required to manage the reshaped business and to implement the appropriate systems and procedures to ensure its timely production. The content of plans, budgets, and forecets similarly needs to reflect the changing priorities.

This demonstrates will set ou combitions.

industry. The job offers a high performer outstanding prospects for career

Résumés places, which include a daylime telephone number and an indication of present salary, to Feler Jones, Coopers & Lybrand Beacutive Resourcing Limited. Abacus Court, & Minshull Sirest, Manchester, MI 3ED, quoting ret P170.



### SIGNATE

Candidates should be qualified Accountants aged 27-34.

LANCASHIRE c£30,000 PACKAGE + CAR

This household name in consumer durable goods has a workfield furnover of \$50 m. The UK manufacturing company is about to commence the implementation of a manufacturing strategy that is geated to retaining its current pre-eminence throughout the ninetes. In addition, considerable management and organisational champe has taken place and this process is continuing across all business activities.

department is not appropriate to the new needs of the organisation. As Financial Controller, you will be responsible to the Financial Director for transforming the

This demanding rise will suit on ambilious, escate and strong-minded accountant who enjoys the challenge of implementing change. You are likely to be in your easy 30's and will atteady have held a responsible position in manufacturing

Executive



### Financial Controller

£25,000-£30,000 + Car South Herts.

Our client is a rapidly expending group of companies which manufactures, distributes and retails high quality domestic audio equipment. The products it manufactures are exported world-wide and the group is the sole UK distributor for several Japanese manufacturers of premium hi-fi equipment. With a current turnover of about £9m, the group has ambitious plans for expansion, both organically

This growth has led to the creation of the position of Financial Controller. Reporting to the Finance Director, the role will involve close fiaison with the Managing Director and other members of the group management team. Specific responsibilities will include the review and upgrading of the computer systems and the management of funding, including foreign exchange. The Financial

information and take responsibility for a variety of general business areas. A small accounts team reports to this

The ideal candidate will be a qualified accountant with demonstrable expertise in computer systems evaluation and development. A minimum of two years' postqualification experience in commerce is essential. Excellent interpersonal skills coupled with a comme flexible and creative approach would be required to carry out this role effectively. Prospects of developing this position as the group grows are outstanding and, for the right candidate, a board appointment may be available in

Please write in confidence, enclosing full career details to Sean Connolly, quoting reference SHA 1273.



### **Stoy Hayward Associates**

MANAGEMENT CONSULTANTS, EXECUTIVE SELECTION DIVISION, 8 BAKER STREET, LONDON WIM 1DA

### **Assistant Tax Manager**

c£30,000 + car

Pearson pic is the UK quoted holding company of a worldwide group whose principal business sectors are information and entertainment, investment banking, oil services and fine china. The group has an impressive profit record and is committed to continued

The Assistant Tax Manager will join a small professional team based in the London headquarters. With an initial emphasis on group relief and other UK planning issues, he or she will be expected to progress rapidly. There will be the opportunity to participate in a range of complex projects, which may have both UK and international implications. The Assistant Tax Manager will have considerable exposure to senior management within the headquarters and at the operating companies.

Probably in their late 20s, applicants, preferably qualified accountants, must have relevant tax experience gained in the profession, commerce or Inland Revenue.

Please write, quoting reference H/816/CF and enclosing a career/salary history and daytime telephone number, to:

**David Hogg FCA** Lloyd Management 125 High Holborn **London WC1V 6QA** 



### **ACQUISITIONS MANAGER**

Package c.£35,000 + car

**East Midlands** 

This substantial public group commands respect in the City for its performance, · professionalism and corporate strategy. It has already commenced a series of strategic acquisitions in its consumer goods markets and is investigating further development opportunities in the UK and internationally.

Such a commitment to growth by acquisition necessitates the appointment of a second dedicated acquisitions specialist. You will be involved in the full process; identifying target companies, negotiating deals and playing a full part in their integration into the group.

The person appointed is likely to be an ambitious qualified graduate accountant aged around 30. Candidates should have a track-record of increasing responsibility gained in a large organisation with exposure to acquisitions, as an advisor or principal. Commercial judgement, good interpersonal skills and commitment to the company's and your own success will ensure access to the excellent career development opportunities the group can offer.

Please reply in confidence, giving concise career, personal and salary details to Heather Male, quoting Ref. L400.

Egor Executive Selection 58 St. James's Street London SW1A 1LD (01-629 8070)

SELECTION

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### Blue Chip City opening for a.... CÉNTLY OUALIFIED ACA

c£25.000 + bank benefits

This is an excellent opportunity for an ambitious young Chartered Accountant to make a first move into the challenging and fast moving environment of a major blue chip Securities House.

Our client, the subsidiary of an internationally prestigious investment banking group, is currently restructuring its London operations and introducing sophisticated new systems to enhance its financial control and reporting function.

The opportunity has now therefore arisen for a newly or recently qualified ACA to take up a new role within the young and dynamic financial reporting team. It will involve production of regular financial and regulatory reports for the group's trading companies, liaison with operational management and exposure to regulatory bodies such as TSA and the Bank of England.

You should be a graduate aged up to about 27 who has trained in a leading firm and ideally had some

experience of the investment banking and securities industries.

The role will appeal to energetic positive individuals who are flexible, highly intelligent and able to think for themselves. It will provide not only a strong grounding of experience in the financial services sector but also opportunities for rapid progress and increased responsibility within the group.

In addition to a competitive salary, the position carries with it a subsidised mortgage, noncontributory pension scheme and other large company benefits.

Please telephone or write in confidence, giving concise career, personal and salary details to Paul Carvosso, quoting Ref: L402.

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EXECUTIVE SELECTION

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### **Exciting Prospects in Europe**

North West c£25K, bonus, car

Our client is a major world force in the supply of processing plant to a wide variety of industries. With an impressive and continuing record of growth, organically and by acquisition, this is a new appointment as Financial Controller for the UK operations.

Working closely with the directors you will play a key role in all aspects of the business as well as managing the finance function and ensuring the provision of accounting, costing,

project and management control information.

Candidates must be qualified accountants, proactive and flexible, with experience in a senior post in an industrial environment and conversant with US reporting procedures. This is a challenging role with exciting prospects of promotion in Europe.

Please write in confidence to Peter Evans,

**KPMG** Peat Marwick McLintock

**Executive Selection and Search** 7 Tib Lane, Manchester M2 6DS

### Management Opportunities In Finance and Planning

Shell International Marine, a part of the Royal Dutch/Shell Group, is one of the largest tanker owners and operators in the world. The shipping industry is undergoing major changes which present interesting and challenging decisions to senior management responsible for the conduct of the business. The prospects for the industry and Shell in particular are excellent.

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Marine Planning is key to our medium and long-term management strategy. That's why we've installed some of the most advanced analytical models in the business, to help us identify and develop world-wide market issues. As a computer-literate graduate with keen analytical skills your contribution will be highly influential. Shipping industry experience is desirable but not essential. Ref: GIA.

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To monitor the expenses and payments arising from our global coperation we're currently introducing a state-of-the-art accounting and management information system. Reporting to the Finance and Treasury Controllers you'll assume a high profile position, leading in team of mines 1881 1815 professionals. As such, you'll need to be a qualified accountant or graduate with a wealth of suitable experience. Raf. AM.

Both positions will require qualities of leadership and breadth of vision that are likely to have been gained within the Finance or Corporate Planning Department of a major league company.

Remuneration will be very competitive and conditions of employment. which include a wide range of sports and social facilities, are excellent.

Please write or telephone for an application form, quoting the appropriate reference number, to: Miss L. E. Knight, HRDL/33, Shell International Patroleum Co. Ltd., Shell Centre, London SEI 7NA. Telephone: 01-934 4021. Closing date for receipt of applications 23rd Morch 1989.



Royal Dutch/Shell Group

#### FINANCIAL CONTROLLER

A prestigious leisure group is seeking a qualified accountant, ideally aged 28-33, to undertake responsibility for the entire finance function involving staff supervision, systems development and the provision of management information. Ref: SEW7249

MANAGEMENT ACCOUNTANT

£33,000 + Bank Benefits Leading UK Investment House seeks a qualified accountant, aged 25-35, with experience of the securities industry, to assist in the provision of management information for senior operations staff.

Ref: HKM6832

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SENIOR ACCOUNTANT

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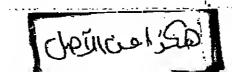
FINANCE MANAGER S.W. Essex £25,000 + Car Ideal role for recently qualified accountant (ACCA/CIMA) to take the reins for the first time. Leading the market this manufacturing concern offers total involvement and high level lisison throughout the group.

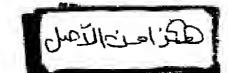
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To apply for these or other similar opportunities in London or South Essex please write to or telephone MANAGEMENT PERSONNEL

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#### FINANCIAL TIMES THURSDAY MARCH 9 1989

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Major firm of Accountants seeks graduate calibre candidates with corporate treasury or banking experience to join their corporate finance management consultancy division.

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c£35,000 + Bonus + CarAn international Treasurer with good analytical skills, ability to evaluate complex financial structures and determine the funding arrangements

for the Group's oversess operations.

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Multinational Group seeks an Assistant Treasurer covering foreign exchange matters, cash management and advising subsidiary companies. Age indicator 26-30.

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£24,000

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### **Financial Director**

### Camberley, Surrey



£50,000+ substantial benefits

Carson & Company is a leading independent practice, specialising in a range of property services. A dynamic and entrepreneurial group, they have built an enviable reputation for high quality and innovation. They place considerable emphasis on the calibre of their staff, and the sonal service which is offered to clients.

As a new member of the Board, you will make a significant contribution to the control and further development of the business. Working closely with the Chairman and Managing Director, you will operate at the highest level, providing financial input for strategic decisions, reviewing and controlling the finance function and helping the group to meet its loog-term objectives.

You will be a Chartered Accountant in your late twenties or thirties with impressive financial skills and a successful track record within a demanding environment. Experience may have been gained within the financial services or retailing sectors. You must have the drive and personality to make a positive impact in this proactive role.

The excellent remuneration package includes performance related bonus and possible share option scheme. Sufficient flexibility exists to reward the outstanding candidate.

Piezse send full personal and career details in confidence to Alison Hawley quoting reference 5206/FT on both envelope and letter.

Reporting to the Financial Pianning and Analysis Director you will potentially be eligible for promotion to that role on the 12 months time horizon. There is also a functional responsibility to the Regional Operations Director.

The initial objective of the role is to ensure that the necessary financial

management and commercial processes, controls and disciplines exist to support the achievement of regional business objectives.

Provision of management information to improve line management's financial awareness and to assist in key decision-making.

Identification and quantification of operational risks and opportunities.

Training and development of an efficient financial analysis team

A qualified Accountant of likely age 25-28 years, you must be able to demonstrate an ability to relate to Operational Management.

Management Consultancy Division
PO.Box 198, Hiligate House, 26 Old Bailey, London EC4M7Pt.

#### GROUP FINANCIAL CONTROLLER/DIRECTOR DESIGNATE

c£25 - 30,000 pa + car + benefits Age 35 ~ 50

With the Head Office based close to the Junction of the M3 and M25 and two manufacturing and storage facilities in the North of England, my client has through engineering quality and innovation, successfully established itself as a market leading stockist and manufacturer of pipeline equipment for the oil and gas industries.

Sustained growth of the groups subsidiary companies necessitates the appointment of a Senior Financial Manager to take control and develop the computerised accounting and management information systems.

Professionally qualified candidates must possess the personality and experience necessary to integrate within a dynamic and demanding "hands on" management team. Key to success is the strength of character required to operate effectively at board level, contributing to the groups development and acquisition strategy and taking responsibility for the general accountancy function which includes, sales and stock accounting, payroll and pensions, credit control, preparing end of year accounts, providing management information, advising upon corporate taxation policies and investment planning, as well as negotiating with major financial institutions.

if you are seeking a rewarding, interesting and challenging career opportunity with a respected expanding company, contact JOHN TAYLOR, CONFIDENTIALLY, for an initial discussion, further information or an application form. Should you prefer to forward your own CV please include a daytime telephone number and your current salary.

QUEST RECRUITMENT CONSULTANCY **WENRISC HOUSE, 4 MEADOW COURT** HIGH STREET, WITNEY OXFORD, OX8 6LP

Telephone No: 0993 776691 (24 hour answer service) Fax: 0993 702042

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### PRODUCT AND FINANCIAL PLANNING

SETTING PROFESSIONAL STANDARDS FOR RECRUITMENT

c£30K plus car & benefits

A major financial services organisation is planning to launch an exciting personal financial planning service in the UK. Sophisticated marketing and computer systems support will play an integral part in the design and development of the service, and in supporting the financial planners in their approach to providing personal

needs-based solutions. An experienced manager is required to direct the financial planning programme. His or her responsibilities would include the design, development, maintenance and support of all financial planning services offered to clients through a direct sales force. The person must be able to identify

new product and market opportunities, and co-ordinate these initiatives between the sales organisation and the systems support team.

Ideally, the successful candidate should possess a degree or equivalent qualification, will have extensive knowledge of the personal pension, life, investment and banking markets, and have good communication and team manager skills. Creative thinking, marketing flair, and an understanding of computer applications are essential.

An attractive salary and benefits package is offered, plus excellent opportunities for CRICET DIOGRESSION.

THE LLOYD GROUP

ALHAMBRA HOUSE, 27-81 CHARING CEOSS ROAD, LONDON WOZH QAU PACSIMILE 01-925 2220 TELEPHONE 01-930 5161

#### A PRODUCT YOU CAN RELATE TO A BUSINESS ENVIRONMENT YOU CAN CONTRIBUTE TO

A recent reorganisation has created two key opportunities within this consumer product and service orientated client. The company is part of a large multinational plc, which has recently enjoyed high profile coverage due to its impressive acquisition activity and overall growth and development. With this successful progress very much in mind the client is now seeking to recruit:

up to £30,000 pa plus car

Specific responsibilities will include:

Recommendation of actions to maximise profits.



Financial Planning & Analysis Director Finance Operations Manager package \$35-40,000 pa plus car

Responsible for Strategic and Corporate Reporting as well as day-to-day monitoring of business activities, the main thrust of this role revolves around the Operational Analysis of 1000+ profit centres throughout the country.

- Good Interpretation and analysis of key business issues at operating and corporate levels.
- A "hands-on" approach and a real perspective of operational needs supported by a level of maturity and "street-wiseness".

  Immediate impact and an ability to influence (particularly non-financial
- personnel at all levels).
- Good leadership qualities (the achievement of key objectives will in certain cases be achieved through the motivation of professional staff). Strong communication and interpersonal skills.
- An achievement record which will not only include promotions with previous employers, but will evidence an ability to positively change, and ideally impact on bottom-line profitability.
- Additionally the role should be "beir apparent" to the Commercial Director and must demonstrate promotion potential within 12 months. You are likely

and must demonstrate pro-to be aged 29-33 years.

Both positions will be based on the Middlesex/West London borders, but will involve limited travel throughout the UK.

If you are interested in either (or both) positions please telephone Karen Wilson BA ACMA on 01-491 3431 (0895 633429 weekends/evenings) or write to her at PRS, 14 Cork Street, London WIX 1PF enclosing a recent CV and a note of current salary.

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Search and Selection Specialists

### **Financial Management**

### **GROUP FINANCE MANAGER**

Central London

Our client, an expanding and successful international group, currently seeks to recruit an individual to play a key role in the management and development of the group finance function.

Reporting to the Group Finance Director and heading np a young motivated team, responsibilities will include:

- Deputising for the Group Finance Director during his frequent
- Managing and controlling relationships with Banks, Auditors, Tax Advisers etc ● Lizising with Controllers and Finance Directors throughout
- the Group to ensure an efficient flow of information Providing a group treasury service managing and reporting
- on cash flows, borrowings, foreign currency and interest rate

Supervising the consolidation and production of statutory

reports and accounts, monthly and quarterly management

reports and forecasts, budgets and plans Analysing information for the Group Board and Shareholders You will be a qualified accountant, likely to be aged 30-40

c.\$38K+Bonus+Car+Share Options

years old, with good communication and motivation skills, with the flexibility to be able to respond to the wide variety of pressures involved in a rapid growth environment. You should possess experience of both statutory and management reporting and treasury management.

Although suitable applicants are likely to be currently working in commerce or industry, exceptional individuals at Manager level within a major accounting firm will be given serious consideration.

Interested individuals should write enclosing a current CV together with salary details, to Shirley Knight BA, ACMA, MBA at FMS, 14 Cork Street, London W1X 1PF.

Search and Selection Specialists

Financial Management

ANAGEMENT CONSULTANCY

KPMG — the largest firm of accountants and consultants in the world is expanding its financial management consulting operations in the London Region, the Midlands and the North.

We need further outstanding and ambitious people to join us. In our London Region we need people to be based in London, Reading or Milton Keynes. We also need people to be based in Birmingham, Yorkshire and the

North East. The profile is straightforward — we are looking for the best graduate accountants in their mid 20's to mid 30's, from manufacturing industries, service industries and consultancy.

We are world leaders in financial management techniques and offer a wide range of interesting and constructive work from within a structure which we believe to be unique in the consultancy business. This structure enables us to offer variety and flexibility to the individual and leading edge industry focus to our

Working in an expanding group, exposure to the latest developments in financial management and IT, and the experience of operating at senior

management and board level, can provide the basis for very rapid career development.

If you would be interested in talking with us about opportunities in consultancy please send a brief c.v. to Karen Church quoting reference FM/M89/FT to KPMG Peat Marwick McLintock, P.O. Box 486, I Puddle Dock, Blackfriars, London, EC4V 3PD.

Finance Managers and Financial Controllers

**KPMG** Peat Marwick McLintock

### Newly Qualified Accountant

Corporate Planning in Global Communications

£23,000 + Car + Share option

With a global dynamic approach to corporate expansion, our client leads the world in integrated information services.

A challenging vacancy exists for a newly qualified accountant to join a young team working within the Corporate Planning department. Reporting directly to aminon management.

plans, capital expenditure and management. Much depends on your ability to excel in a team environment. If you have the potential, career prospects are almost unlimited within this large and diverse international group. Rewards are also excellent, with a wide range of benefits including 6 weeks

holiday and BUPA

directly to senior management in the UK and US, you'll be Those who think, think Mervyn Dinnen closely involved in mergers and acquisitions, undertaking ad hoc analysis and project work of 2-3 months' duration.

telephone Maxine Lester on 01-638 1711 or write to her

MERVYN DINNEN ASSOCIATES

15

KINGSWAY

## **GROUP FINANCE**

Technical excellence \* Commercial \* Strategist London/Herts £45-50,000 + incentives and benefits

Kingsway Industrial Services Group is the main vehicle within the recently formed Kingsway Holdings plc. The Chief Executive seeks a Manager with a proven track record to take complete financial responsibility for the two companies presently in the Group. The appointee must be not only an excellent accountant, with a successful career to date, ideally in a distribution business, but a businessman capable of growing with the Group. He/she will have to:

- Manage corporate, financial and systems restructuring.
- Plan for earnings increases of 20% per
- Ensure the adequacy and accuracy of all. financial information.

· Have the ability to work closely with the Chief Executive and in the medium term take on the senior corporate finance role within the holding company.

This position represents an unusual opportunity of joining a £20m organisation and being a genuinely key member in driving it forward to obtain fast growth and high returns. Only candidates who are confident of their leadership, technical and business skills should apply.

If you are interested in the position and have a suitable track record, please send full career details to James Forte, quoting



### **KPMG** Peat Marwick McLintock

**Executive Selection and Search** 70 Fleet Street, London EC4Y 1EU

### FINANCIAL CONTROLLER

### Based at Heathrow Airport c.£25,000 + CAR

A well established cargo business, with a current turnover in excess of £3m from operations at Heathrow and Gatwick Airports, requires a Financial Controller. The successful applicant, who must be a qualified Chartered Accountant, will be responsible to the Managing Director for all aspects of financial control and accounting of a business which is expected to expand significantly in the near future.

Those interested in this exciting opportunity should apply by writing with an up-to-date C.V., to Box Number A1164, Financial Times, 10 Cannon Street, London EC4P 4BY.

### **CAREER FINANCE OPPORTUNITIES** WITH A NEW NATIONAL AUTHORITY

Subject to enactment of the Water Bill currently before Parliament, a National Rivers Authority will be established in Autumn 1989. It will be responsible for the overall managet of rivers, water resources, coastal water and associated latory aspects in England and Wales. With a small central olicy unit, the vast majority of its employees will be based in the Regional Operational units.

The Authority's capital and revenue expenditure of circa £100m and £200m p.a. respectively will demand highly professional and efficient management of its financial resources in meeting the objectives of improvement and development of the environment. Career opportunities exist for experienced and professionally qualified accompanies to assist the Director of Finance in the formulation and implementants to assist the Director of Finance in the formulation and implementants. mentation of finance policies and associated financial controls.

**CHIEF FINANCIAL MANAGER** PRINCIPAL FINANCIAL ACCOUNTANT AUDIT MANAGER

to £36,000 to £25,000 to £28,000

PRINCIPAL MANAGEMENT ACCOUNTANT

System creation, charging policies, financial control, value for money investigations and cash management will all be key aspects of the role of these posts. The department will share the corporate responsibility for the recommendation of policies designed to meet the Authority's objectives and responsibilities in respect of flood protection, water pollution control and the effective utilisation of the water

space amenity.

Conditions of service will generally be those appropriate to a non-departmental public body, including the option of membership of the Local Government Superamation Scheme. Assistance will be given with relocation where appropriate.

These are exching and challenging opportunities in a dynamic new organisation.

Send your CV and we shall send an information pack. Alternatively telephone for a pack and application form from David Burke, Austin Knight Selection, Kings House, Bond Street, Bristol BS1 3AE Telephone (0272) 221891 (daytime) or (0272) 686185 (evenings/weekends).

Closing date: 23rd March 1989.

NATIONAL RIVERS AUTHORITY

### Senior Accountants with Occidental c. £25,000 London Based

Occidental Petroleum (Oxy) is a major US based energy corporation employing some \$1,000 people worldwide and with an annual revenue of 19 billion dollars. Internal promotion, reorganisation and the introduction of a new and advanced IBM based general ledger system have created vacancies in the following key areas.

**Project Accounting** 

The main thrust of this position will be to analyse existing and new accounting practices in order to optimise the use of the new accounting system and ensure the highest possible accounting standards are maintained. Working in close liaison with finance management this position will also undertake project assignments and ad hoc reviews covering all areas of OXY's UK accounting activities.

Candidates must be proven communicators who are able to maintain a clear overview of objectives within a busy highly computerised environment. Formal qualifications should be supported by relevant experience, a mature outlook and the ability to lead by personal example.

General Accounting

This wide ranging role covering the monitoring of accounting and commercial activities within OXY's European trading and treasury companies, provides an unrivalled opportunity to become involved in a high activity role with international exposure. A significant volume of complex transactions are involved which require constant

monitoring in order to easure accuracy

of accounting data.

Candidates will prepare consolidated financial accounts on both a US and UK basis and must have the temperament to cope with tight deadlines. A formal qualification is essential, supported by experience of the latest computerised accounting techniques, spreadsheets etc.

Oil & Gas Accounting

You will provide accurate and meaningful financial and management information relating to the commercial activities of the UK North Sea group of Companies. As a key member of a small group of professional accountants, this will involve the production of monthly and annual reports and records to strict deadlines. This is a highly visible position in OXY's core business and requires a formal qualification and broad accounting experience, ideally gained in a relevant industry.

All positions offer saleries in the region of £25,000 and will involve limited travel within the UK. The normal benefits apply and there are definite opportunities to substantially broaden your career horisons within an expanding and progressive organisation.

Please send full career details to:

CLYDE SORRELL EMPLOYEE RELATIONS DEPT., OCCIDENTAL INTERNATIONAL OIL INC., 16 PALACE STREET, LONDON

### **Group Finance Director** (Designate)

North West

circa £50,000 + car

MI

This is an exceptional opportunity for a 'High Flyer' whose initial impact and contribution will be as Group Financial Controller but with planned promotion within 12-18 months to Director level. Our client is a fast growing, highly acquisitive and successful organisation, with a 1989 planned turnover of £100M through a diverse range of manufacturing, distribution and retailing activities in a number of market sectors.

Specific responsibilities will cover the provision, analysis and interpretation of financial and management information and the introduction and development of sophisticated systems throughout the group. Most significantly the appointee will make a strong and professional contribution to the senior Management team to facilitate the organisation's ambitious growth plans.

Obviously our client is looking for an exceptional individual with an appetite for challenge. A graduate and qualified accountant, the successful candidate will be someone with commercial flair and incisive business judgement. Coming from a senior financial position within industry or of partnership calibre in the

Profession, the highest technical competence must be supplemented by strong managerial and interpersonal skills and an ability to sustain an exceptionally high work rate within this dynamic and fast moving pressurised environment. The initial salary quoted, plus a highly attractive rewards package, will be significantly enhanced upon confirmation of board appointment.

Interested applicants (male or female) should send a detailed CV or ring for an application form

on 0625 533364 (24 hours) quoting reference 1477/FT.

Wickland Westcott

Search and Selection; Management Development Springfield House, Water Lane, Wilmslow, Cheshire SK95QS. Telephone: (0625) 532446.

Legal

**Appointments** 

appear every Monday

For Further Information Contact

01-248 8000

Elizabeth Rowan Ext 3456

Wendy Alexander Ext 3526



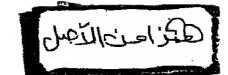
Meridian is one of the world's Pargest information technology service companies. The Group's activities centrolled in the provision of a range of computer leasing and data processing support the lies to more than 5,000 national and international companies, throughout multiple and beyond. With sales exceeding all billion a year we employ nearly 2,000 to the professionals working in 60 locations.

GROUP CROFF ACCOUNTANT

In such a complex intelligible international the role of the Group Chief Accountant is key. Accurate this limit is least the porting and consolidation is essential in ensuring the smooth professional disaster. We require a high scale instantial disaster which has had responsibility for Financial Accounts and Physician Supportant William Street Indian had responsibility for Financial Accounts and Physician Supportant Physician Companies international organisation, to take charge of Manager which secretaring and consolidation functions.

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To apply for these positions please send CV to: Brian Ashcroft, Director Human Resources. Meridian Group Services Limited, Wentworth House, Station Parad Virginia Water, Surrey GU25 4BD. Or telephone Ascot (0990) 23344 for further information.



### Managing Successful Change . . . **Financial Controller**

#### London

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to £40,000 + Executive Benefits

led International Pic which has a clear objective of worldwide leadership throughout its global operations.

Continued growth and success has created an exciting opportunity for a Financial Controller. Reporting to the Financial Director the key responsibilities will be to:-

\* Restructure the finance division. \* Enhance the effectiveness of financial control.

 Manage a significant finance team. The position is seen as an entry point to a prestigious organisation. You will be a graduate qualified accountant, probably chartered, aged between 28 and 35, and

We have been retained by a pre-eminent consumer must have significant staff management experience gained in a large 'blue chip' environment. A results orientated approach, technical excellence and a high level of ambition are all essential

> The package will include a bonus, company car and executive benefits. A relocation package is also

If you are interested in a fast moving environment then please write to Jon Anderson ACMA, Executive Division, enclosing a comprehensive curriculum vitae and daytime telephone number at Michael Page Finance, 39-41 Parker St., London WC2B 5LH quoting ref M115. Complete confidentiality is assured.

Michael Page Finance International Recruitment Consultants
London Bristol Windsor St Albans Leatherhead Birming Manchester Leeds Newcastle-upon-Tyne Glasgow & Worldwide

requirements.

### **DIVISIONAL** FINANCE DIRECTOR

Surrev

£30,000 + Car + Bonus + Share Options

Our clients are a public industrial holding group engaged in a wide range of manufacturing and engineering activities. In addition to organic growth the group actively pursues a policy of acquisition of niche manufacturing businesses which are integrated and operated within a proven financially controlled

Business performance of each division is closely monitored by a small team led by a Chief Executive. Reporting to the Chief Executive you will be responsible for the financial monitoring and commercial support of a group of companies, all of whom are well known in their own fields of activity. This is an exciting opportunity to join a growing group in its formative stage and share in the experience provided by the significant growth plans. Candidates aged 30-35 will be qualified, proactive and commercially experienced, preferably in the engineering/manufacturing sector. The nature of this high profile role is such that some travel will be involved.

Please telephone Robin Rotherham on 01-541 5580 or write enclosing curriculum vitae and quoting reference no. 6653 to the address below.

6-8 Thames Street, Kingston-upon-Thames. Surrey KT1 IPE.

### Group Financial Controller

circa £30,000 plus car South West London

Part of a major international service group, our client is currently entering a new phase in its development, Intrinsic to this, is the recruitment of an experienced accountant to fill one of the key positions within the finance function.

Managing a small group accounting team, you will be responsible for the efficient function of the department and the production of timely and accurate management and financial

Information. In addition you will be required to help ensure the smooth changeover to a new computerised accounting system.

A chartered accountant, you will probably have at least three years post qualification experience ideally within a commercial environment, although candidates from within practice will be considered provided they have experience in a "hands on" accounting role. Mature and responsible, you will

enjoy working autonomously and motivating your team to achieve high standards of performance.

interested candidates should

write, enclosing their curriculum vitae, quoting MCS/9013 to: Susan Ryder Executive Selection Division Price Waterhouse Management Consultants No. 1 London Bridge

London SE1 9QL

Price Waterhouse



### Divisional Finance Director

c£57.500 - car

Northern Home Counties M25 Corridor

Our client is a major distributor of pharmaceutical and healthcare related products. Trading from 11 autonomous operating units in the United Kingdom they now seek to appoint a high calibre individual to fill the newly created position of Divisional Finance Director

Reporting to the Divisional Managing Director in close liaison with the Group Finance Director the appointee will take the lead role in maintaining and developing reporting systems, budgeting and forecasting and closely monitoring all commercial aspects of a fast moving consumer related business in order that tight controls over margins, profitability and cash flows are maintained. In addition to the above the Divisional Finance Director will play a leading role in

the planned upgrade and development of computerised management information systems which will involve the installation of latest technology

The position calls for an energetic, qualified Accountant with an acute sense of commercial awareness.

In the first instance please write enclosing full CV quoting reference LS 220 to Bob Townes, Director, Austin Knight Advertising UK Ltd., Tricom House, 51-53 Hagley Road, Edgbaston, Birmingham B16 8TP

Applications will be forwarded direct to our client therefore companies in which you are not interested, should be listed in a covering letter.

**Appointments** 

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**Positions** 

£59 s.c.c

### High Growth Opportunity --Commercial Strategic Role **European Financial Controller**

South Middlesex

To £40,000 + Substantial Bonus + F/E Car

Our client, a major division of a £100m turnover plc, is a European group of companies providing high tech industrial services to a wide client base through subsidiaries in eight countries, and it is the outstanding market leader in its field.

The subsidiaries operate autonomously, however, there is a need to evolve into a more clearly identifiable coordinated pan-European group with a corporate image to

With plans in hand to more than double in the next three years both organically and via acquisitions, together with the evolution into 1992 and beyond, the group has identified the need to strengthen its manage with the appointment of a European Financial Controller.

Reporting to the Chief Executive (a plc main board director) you will have a wide ranging role covering the full spectrum of both financial and commercial activities from the basics to the esoteric. You will be as skilled at achieving through others, and at negotiating with banks and for acquisitions, as you are at tackling "hands on" pc based modelling, analysis and forecasting

You will have responsibility for ensuring that the financial and reporting systems are developed

along common lines with the flexibility to absorb the anticipated growth. Prime importance will be attached to their accuracy, timeliness and usefulness as a constructive management tool.

To succeed in this demanding and rewarding role you will be a qualified accountant probably aged 33-40 with several years' experience in high growth multisite service industries including European exposure. You will be used to a lean, independent, yet team orientated management style with the presence, maturity and strong diplomatic skills required to make a major impact on a group of entrepreneurial subsidiary MD's. Excellent communication skills, a high level of commercial awareness and the ability to relate to a strong marketing environment will be key attributes. Regular operational

contact will require considerable travel We are looking for a rare breed of individual - but we equally have a rare role to offer and to challenge you.

If this appeals to you please submit your CV in application to Wayne Thomas, Executive Division,
Michael Page Finance,
Windsor Bridge House, 1 Brocas Street,
Eton, Berkshire SL4 6BW.

Michael Page Finance

International Recruitment Consultants

London Bristol Windsor St Albans Leatherhead Birmingham Nottingham

Manchester Leeds Newcastle-upon-Tyne Glasgow & Worldwide

### **Financial Controller**

#### **North London**

Recent Internal promotion at UDT Sales Finance one of Britain's major finance houses and a member of the TSB Group - has provided this excellent opportunity for appointment to a senior financial post.

The company, whose prime activity is vehicle financing, is now poised for considerable expansion within its major markets but is aware of the need to maintain proper financial controls while at the same time providing appropriate succession planning within a dynamic, expanding environment. We therefore wish to recruit an experienced Financial Controller to be responsible for the management and control of financial and management accounting as well as the provision of effective management information and proper cost control.

Suitable candidates, ideally in their early 30's, will be graduates with an accounting qualification and. ideally, an MBA, supported by a proven record of achievement in a large company environment.

#### package to £35,000 + car

Experience of the development and implementation of accounting systems, procedures and controls would be an advantage. You should also be familiar with the analysis and presentation of management Information using database technology on IBM Mainframe and PC's. You will be a highly committed individual with well-developed communication skills who is ambitious to take on a role which provides you with an opportunity to play a major part in the future strategy of a fast moving commercial organisation.

An attractive remuneration package is offered including non-contributory pension, mortgage subsidy. BUPA and Company car.

Please send a CV to Keith Pusey Controller, Personnel Operations. UDT Sales Finance, Holbrook House, 116 Cockfosters Road, Cockfosters, Barnet, Herts EN4 0DY.

### FINANCIAL REPORTING **MANAGER**

#### **Investment Banking**

Our client is the UK subsidiary of a major international banking group. Long established in the City of London and highly respected for its position at the forefront of the corporate finance and securities markets, it is currently undertaking a programme of reorganisation and planned groupsing.

This high profile position has been newly created to strengthen the financial reporting function. Managing a team of nine staff you will be responsible, not only for producing within tight deadlines, regular financial and regulatory reports for the operating companies, but also for monitoring their capital adequacy and for ensuring the effectiveness of the management information produced.

Although sound technical abilities and an understanding of all regulatory requirements are important, we are looking for an individual who can lead and motivate a high calibre team, who can think creatively and who can develop new ideas and policies.

c£35,000 + Car + Mortgage

Candidates, ideally aged between 28 and 34 should be graduate Chartered Accountants with a successful record in a large practice and at least two years experience within the securities industry or a similar finance sector environment.

This challenging role carries with it an attractive salary, bank benefits, including subsidised mortgage, non-contributory pension scheme and company car, and, above all, prospects of real career progession in a fast moving and forward looking group.

Please telephone or write in confidence, giving concise career, personal and salary details to Paul Carvosso, quoting Ref. L403.

Egor Executive Selection 58 St. James's Street London SW1A 1LD (01-629 8070)

EXECUTIVE

United Kingdom · Belgium · Denmark · France · Germany · Italy · Netherlands · Portugal · Spain

### ..... Maximising Profitability ..... Project Manager

London

to £35,000 + Executive Benefits

You will be a qualified accountant aged 28-35 with

We have been retained by a pre-eminent consumer led International Plc which has a clear objective of worldwide leadership throughout its global operations.

As a result of a recent major acquisition, the organisation is restructuring a key business area. Reporting to the Financial Director the Project Managers' first assignment will be to manage the relocation of the accounting department and associated financial systems, followed by the development of effective budgetary control. In addition the incumbent will be expected to spearhead the management of change in the newly restructured London office. Following the successful completion of this project, which

will be a major test of strength and ability, the successful candidate will move to an executive position to the group which will be based in the UK or abroad.

significant systems experience, strong man-management exposure, and excellent analytical and inter-personal skills. In your career to date you will be able to demonstrate a track record of managing change effectively and efficiently.

This is an opportunity for a highly ambitious talented individual who seeks a demanding challenging career within a commercial international environment. If you are interested in a fast moving environment then

please write to Jon Anderson ACMA, Executive Division, enclosing a comprehensive curriculum vitte and daytime telephone number at Michael Page Finance 39-41 Parker Street, London WC2B 5LH quoting ref M116.

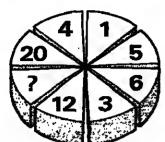
Complete confidentiality is assured.

Michael Page Finance

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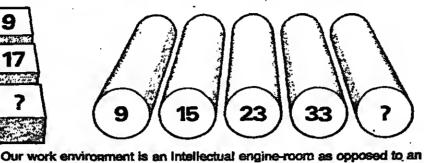
ACCOUNTANTS/ECONOMISTS/MBAs; to £40,000 + CAR

### Work out what's missing and we'll fulfil your career.









ivory tower. People work together in small supportive teams and

excellence and of your ability to maintain consistent standards of

spark-off each other through the quality of ideas, analysis and criticism.

success. A good first degree will also be looked for (and preferably an

MBA or appropriate accounting qualification) plus several years proven

The only thing missing now, is your cv. Kindly send it, in confidence, to:

Michael Hurton, (Ref. 3016), Touche Ross Management Consultants,

You will need to convince us of your single-minded commitment to work

Problem-solving is your forte, and these little number sequences won't keep you puzzled for long.

Intuitive logic, blended with good old-fashioned flair, has helped you to rise swiftly towards the top of your chosen profession. And still you're only around 30 years of age.

Now take stock. Are you really being stretched? Are the challenges beginning to fall into a predictable pattern? Will you have to move on to move up? In short, have you outgrown your present company?

Are we right? Then the obvious step for you is to fulfil your career in the Management Consultancy business. Touche Ross have built one of the most dynamic and respected practices in the world. Teams of our Consultants are called in by private or

public sector clients to conduct studies, analyse problems, recommend solutions. orchestrate projects and implement change in virtually every area of commerce and

△ Touche Ross **Management Consultants** 

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### FINANCE DIRECTOR

Pringle of Scotland Limited is a major subsidiary of Dawson International PLC, one of the U.K.'s leading textile groups. Pringle has an enviable reputation for its branded knitwear, employs over 1700 in several manufacturing locations and has a substantial international

Due to internal group promotion, a Finance Director of exceptional ability is now sought to take control of the company's financial, accounting, data processing

Suitably qualified candidates will require experience in a multi-site environment, a knowledge of high volume production information systems and a good understanding of extensive data processing systems and international consumer trading-

This key role requires strong commercial flair, analytical ability, good communication skills and the tenacity and commitment to provide a significant contribution to the profitable development of the company.

The position is based in Hawick in the borders of Scotland and will involve some international travel.

It is unlikely that anyone younger than 32 will have the experience necessary to meet the demands of

An attractive salary and benefits package is offered, together with generous relocation assistance.

Written Applications giving, initially brief relevant particulars



Mr E. W. P. Mitchell Personnel Director Pringle of Scotland Limited Victoria Mills

### TOP EXECUTIVE JOBS

### YOUNG CHARTERED ACCOUNTANT

Yorkshire base/ some UK travel

Age 24/30

+ car + benefits

Thavies Inn House, 3/4 Holborn Circus,

London EC1N 2HB. Telephone: 01-353 7361.

Our client, a £100m turnover Pic has recently announced record results with a near 50% increase in profits. Their impressive 5 year growth trend is attributable to their continued commitment to the enhancement of their manufacturing capabilities as well as a policy of strategic acquisitions. The Group's continued development has led to the creation of this new, high-profile position. Reporting to the Group Financial Controller, you will be responsible for reviewing and improving financial controls and reporting systems at the subsidiary companies. Much of the work is of a practical, problem-solving nature, dealing with profitability enhancement, and the development of accounting controls and systems. You will be involved in acquisitions, including initial investigations and the subsequent integration of new companies into the Group. In addition, you will deputise for the Group Financial Controller in the consolidation of group results/budgets, together with some involvement in the profit arrangements.

To succeed in this varied and demanding role, you will need to be commercially aware, possess good communication and analytical skills and the ability to 'think on your feet'. Opportunities for career progression exist within the

If you have recently qualified and are looking to make your first stove out of the profession, please contact jackie Hardisty, quoting ref no LD80

Enterprise House, 12 St. Pauls Street, Leeds LS1 2LE. Tel: 0532 446611 Also at Manchester and Liverpool

ASB RECRUTIMENT LID A Division of ASB Harrest Kittings Fix

### Group **Financial** Controller

£35,000+car+benefits

Hants/Surrey border M3 corridor

This E80m subsidiary of a major international group and a market leader in nformation technology is seeking to appoint a Group Financial Controller. The successful candidate will report to the Group Finance Director and have

responsibility for monitoring and controlling management information from the two main trading divisions, together with effecting financial control for the European operations which will require occasional overseas travel. Other duties will include forecasting, corporate finance advisory projects and ad hoc tasks as required by the Group Finance Director.

This represents an exceptional career opportunity for qualified accountants aged between 30 and 38 who can demonstrate a proven track record, the ability to work on their own initiative and to relate to other senior executives. Experience of the hi-tech industry and computerised systems would be

This appointment offers an attractive remuneration package which includes a fully expensed company car and benefits typical of a major International group with relocation expenses where appropriate. Please reply in confidence enclosing a CV to Keith Norman, FCCA, quoting reference KJN/334.



IACOUES SAMUEL & ASSOCIATES LIMITED

**FAST LANE** 

PELIAS I UWE
Schlumberger Industries, world leaders within the apphieticated electronics market, streedy have an enviable reputation for service study innovation and leaders within a property of it's dynamic management team—both in the UK and shroad. As Financial Accountant heading a small team, your responsibilities will include reporting to UK operations in European Head Questiers. As a finalist or newly qualified, you must be reedy to entangoe your managerial and computer skills and be lesen to gain must be unempy apperlance.

For further Intermation contact, Accountancy Personnel, 36 Museum Street, less that III 10. 10478-15168.

Industries



Financial & Executive Selection Division 2 Park Street, Hitchin, Herts SG4 9AH Telephone: 0462-54761

#### Corporate Finance – M&A Challenge • Reward • Responsibility than agent, across a wide range of Our client, a major International financial and industrial group, seekan industrial and commercial sectors.

energetic Corporate Finance Executive to join a small, professional team in Central London. If you have 3-5 years experience, probably as a Corporate Finance Associate or similar position, this is an opportunity to work on interesting and innovative investment and acquisition projects.

The position involves assisting in the Identification and analysis af larger scale corporate investment and restructuring opportunities, including mergers and acquisitions, mainly in the UK and in continental Europe. Our client aperates as principal, rather

The successful candidate will have a background in capital markets, financial analysis and corporate financial techniques, either in Merchant/ Investment Banking at Accountancy. International experience and/or tax knowledge would be an advantage. The rewards are high and you will have the opportunity to participate in their profit-share scheme.

Reply, in confidence, enclosing full CV and daytime telephone number, to Lorraine Lee, MHG Recruitment Advertising, 50 Berwick Street, London WIV 3RA.

**Newly Qualified ACA's** 

Package circa £32K - City

An opening has arisen with a top investment management group, which offers an excellent career move for a young newly/recently

qualified chartered accountant, to acquire valuable and wide

Candidates must have a keen intellect, self-confidence, initiative

The package includes an excellent salary, car and discretionary

bonus. In addition, non-contributory pension scheme and BUPA.

Please write with full career details quoting reference BH424 to

Tony Burden, Executive Selection Division, 18 Grasvenor Street,

ESD is the Executive Selection Division of EAL International.

ranging financial services industry experience, including

compliance and internal audit.

and ambition for progress.

Landon W1X 9FD.

### is tremendous scope for increasing both turnover and profitability and the new person will play an important role as a member of the team reporting to the Chief Executive. This is a situation which calls for an outstanding individual. It is essential that candidates in their

mid-30's are ACA's and, equally important, possess that management flair which is necessary to identify as well as solve problems. Career backgrounds must have been in a manufacturing/ service industry with small company experience at some stage. An interesting part of the job will be to look at potential acquisitions and experience in this would be useful. A willingness to travel overseas in the course of business is essential.

**Finance Director** 

(designate)

The company has a £10m. turnover in manufactur-

ing and contracting in the UK and overseas. There

Growth opportunity

Salary will be in the range £25,000-£27,500 dependent upon experience and there are all the other items which go to make a good employment package. The base is in a most pleasant part of the North West with easy access to town, sea and countryside.

Please reply - in confidence - with full career details to A. D. Percival.

Ravenscroft & Partners

#### FINANCIAL CONTROLLER

Gulidford, Surrey

c£22,000

Are you qualified and seeking a small Company environment to utilise the full range of your Enancial and accounting skills?

iPTest is a small, successful, Independent company marketing high tech products for the semi-conductor markets worldwide. We seek an accountant capable of handling the complete financial and administration side of the company and able to contribute to the growth and development of the business.

You should be a qualified accountant with a confident and enthusiastic manner and should be prepared for a hands-on role in the organisation.

interested applicants should contact Chris Wall on 0483-67218 or write enclosing C.V. to IPTest Limited, 3 The Pines, Broad Street, Guildford, Surrey GUS 6BH.



**FELIXSTOWE** 

swich IP1 1JQ, Tel: 0473 215068.

**FINANCIAL DIRECTOR** 

To £25,000+Directors Bonus+ Car+Benefits This manufacturing company, which is part of a large national group, require urgently a dynamic accountant to fill the role of Financial Director.

The successful applicant, who will move straight onto the Board, will require a strong personality, proven management skills and should have a background in a manufacturing environment.

This is a real decision making role within this autonomous aubeldiary. Be prepared to advise on strategy and help this independent profit centre move to greater heights.

#### **FINANCIAL CONTROLLER**

HULL

£20,000

Successful manufacturing concern offer an outstanding opportunity to an ambitious accountant to take full control of its modern computerised accounts function. Strong personality, commercial awareness and a proven track record within industry will enhance your application for this attractive position. Apply today or loss out on what could be 'your golden opportunity' in a relatively low cost housing area with the additional benefits of excellent communication links and major city amenities.



For further information

contact: Accountancy Personnel, Pearl Assurance Buildings Land of Green Ginger, Hull HU! 2EA. Tet: 0482 225955.

Accountancy Personnel Placing Accountants First

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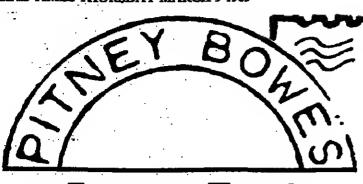
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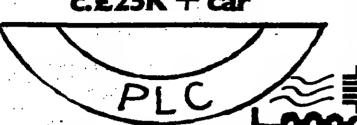
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**European Travel** c.£25K + car



Pitney Bowes, a leading office systems business with expanding interests in Europe and a world-wide turnover of \$2.5 billion, seeks a young qualified ACC and a part-qualified Accountant with outgoing, positive personalities, capable of working on their

As members of a small, high-calibre team, you will conduct consultancy assignments and investigations of an operational, strategic and managerial nature. You will be based in Harlow, Essex, but 30% of your time will be spent visiting subsidiary operations throughout Europe, including Paris, Rome, Vienna, Zurich, Stockholm and Helsinki.

Strong emphasis is placed on personal development with a generous training budget for UK courses plus an annual training conference in the USA. Anticipated career progression is rapid into a European Senior Management role.

We offer a first class package which includes six weeks' holiday, profit sharing, non-contributory pension and relocation assistance where applicable.

Please send a full CV to Colin Haines, Senior Personne Officer, Pinney Bowes pkc, The Pinnacles, Harlow, Essex CM19 5BD or telephone (0279) 26731 for an application form. An Equal Opportunities Employer.

**Pitney Bowes pic** 

Exceptional Business-Minded Accountant/MBA

### **DIVISIONAL CONTROLLER**

Age 27-32 to \$30k + bonus to 40% + car + share options



Our client is an international British group with turnover exceeding 5200 million and a market leader in its field. A recent institutional backed samagement buy-in has created an ambitious expansion plan based on organic and acquisitive growth aimed at a successful full Stock Exchange isting in 1991.

The Group's product divisions are operated along decentralised lines with control over performance exercised via a small London Head Office executive team. A young Controller is sought to join this central team and to act as the 'righthand' support to the Executive Director of a \$50m turnover manufacturing based product division serving the toiletries, cosmetics and pharmaceutical industries, with operations throughout Europe.
Your responsibilities will involve the provision
of commercial advice on financial performance and

control, developing operating as well as financial

 systems, full involvement in the unmagement ground and the restructuring of the division, critically reviewing business plans, liaising with operational management and undertaking a variety of ad hoc projects at Group and operating company level. This will involve an element of overseas travel from time

You will be a graduate, qualified accountant or MBA with demonstrated relevant financial experience gained in a commercial or manufacturing based environment. You will be self-motivated, a good communicator with sound judgement, and possess the assemiyeness and diplomatic skills to act as an effective challenge to operational manage interested individuals should write,

enclosing a current CV together with salary details, to Shirley Knight, RA, ACMA, MRA, at FMS, 14 Cork Street, Landon WIX 1PF (TH: 01-491 3431).

Search and Selection Specialists

**Financial Management** 

#### APPOINTMENTS

ADVERTISING

Appears every Wednesday and Thursday

for further information call 01-248 8000

Deirdre McCarthy ext 4177

Paul Maraviglia ext 4676

Elizabeth Rowan ext 3456

Patrick Williams ext 3694

Candida Raymond ext 3351

Patrick Sherriff ext 4627

### INTERNAL AUDIT-FINANCIAL SERVICES

### That certain difference

c.£16,000-£35,000 + car + benefits Swindon

n the fast-moving world of financial services Allied Dunbar stands out from the crowd in many ways. Not least of these is in the running of our Audit and Controls Department. If you have the right auditing and consultancy skills, you can experience that certain difference at first hand as an INTERNAL AUDITOR or AUDIT MANAGER.

The Department's functions are far wider than in "traditional" Internal Audit departments and we work in an innovative way. Every project is seen as a partnership, and you will be directly involved in helping departments achieve their business objectives and productivity improvements. You'll actively contribute ideas and discuss their benefits with the senior management concerned.

We expect you to have a certain difference as well. Whatever your current experience, you're looking for a greater challenge and genuine career development. Your excellent communication skills make you very persuasive, and you have the stamina to work well under pressure. You're analytical and learn quickly. Most importantly you're ambitious - because there's no better place than Allied Dunbar to reach the peak of your

If you can provide these qualities we'll reward you well, with an excellent remuneration package commensurate with your experience and potential. And, of course, you'll have the satisfaction of working for one of the leading companies in the field of personal financial guidance.

Please write for an application form to: Sandy Downes, Allied Dunbar Assurance plc, Allied Dunbar Centre, Swindon SNI 1EL. Or ring her on (0793) 27812 (24 hours - answerphone).

We are an Equal Opportunities Group. Applications are welcome regardless of set, marital status, ethnic origin or disability.



### Young Finance Manager

Central London

£ 22.000 to £ 26.000 + car + banking benefits

Newly qualified to two years post qualification experience Overseas reporting and analysis role for a major international banking group

Due to the expansion in activity and recent acquisitions, this Career prospects are excellent within both the finance and newly or recently qualified accompant.

As the primary contact with overseas subsidiaries on The generous benefits package includes morrgage subsidy, financial issues, close liaison with local management and profit share and a non-contributory pension scheme.

Supported by an established team, you will be responsible for consolidation of financial statements and preparation of performance reports. A central feature of this role will be enhancing the analysis and interpretation of results.

high profile department within the finance function needs a business functions for highly motivated candidates with

Please write enclosing full career and salary details to Bernard Farmer FCCA, Barber Recruitment Limited. 17/18 Henrietta Street, Covent Garden, London WC2E 8QX or telephone 01-240 1440 (outside office hours 0462 893420)

BARBER + RECRUITMENT + LIMITED

Accountancy Selection Consultants

Offices in London and Welwyn.

### Finance Director

#### Derby

Our client is a jointly owned subsidiary of two highly regarded PLC's. It is a major force in the design and supply of processing machinery. The company is continuing to develop its activities both in the UK and overseas in a variety of new directions.

company's success and expansion. The Finance Director will formula .: and implement financial policy, manage the finance department and carry out the other usual functions associated with the senior financial role in a company turning over in excess of £18 million per annum. In particular the Finance Director will play a key role in evaluating the risks associated with significant export contracts and raising export finance.

### to £30,000+ Car+Relocation

The successful candidate (ideally aged between 28-40) will be expected to play a key role in the management team in all areas of commercial decision making. They will have had around 10 years' post qualification experience of financial management including a significant period in an export orientated environment.

The ability to demonstrate a track record of achievement in their previous posts is essential, particularly in respect of the quality of management information to aid decision making.

Interested candidates should write enclosing a curriculum vitae to Paul MacIldowie ACA at Michael Page Finance, Imperial Building, Victoria Street, Nottingham NG1 2EX quoting reference PM23L

Michael Page Finance International Recruitment Consultants

London Bristol Windsor St Albans Leatherhead Binningham Nottingham Manchester Leeds Newcastle-upon-Tyne Glasgow & Worldwide

### Get into Cable & Satellite TV, with

### UNITED CABLE TELEVISION

International

#### SURREY/M25 AREA

Our citent is the UK subsidiary of one of the largest cable television operators in the USA installing and providing cable television services. The company has established operations in the UK and Scandinavia and plans a continual expansion of its operations through franchising and

Two new posts have now been created. Both will report to the Financial Vice President.

#### ASSISTANT TO THE FINANCIAL VICE PRESIDENT to £28K+CAR

+BENEFITS (Ref: FT114)

- Prepare financing proposals
   Assist with acquisition studies
   Lipise with banks
- Assist in special projects - Financial analysis

The successful condidate will be a recently qualified ACA with experience of investigations and strengths in financial planning and analysis, and spreadsheet programming. The position calls for flexibility, makerity and good communication skills (are and written).

#### CORPORATE ACCOUNTANT to £26K+CAR +BENEFITS (Ret FT115)

#### Responsibillies - Prepare consolidated financial and manage-

- ment accounts for the European group
- Assist with group budgets and plans
   Preparation of Corporate Office accounts
   US Financial reporting
- Group costs management

The successful conditions will be a qualified accountant with sound experience of multinational consolidations and US accounting requirements. The position demands the ability to both communicate effectively and adhere to strict

Promotion prospects within the Group are excellent, Occasional international travel involved. Please write in confidence, including a concise CV with daytime telephone number, a letter explaining how you to the requirements and indicating the appropriate job reference to Steve McBride:

**ROBSON RHODES** 

Chartered Accountants

Management Consultancy Division, 186 City Road, Landon, EC1V 2NU. Fax: 01-250 0801

#### **GROUP EXPLORATION** ACCOUNTANT

Civde Petroleum pic is a leading British independent oil and gas exploration and production company; the Group Head Office is situated in a most pleasant part of Herefordshire.

A vacancy has arisen for an experienced accountant, with strong technical skills, to play an important role in the finance department.

The Group Expioration Accountant will assume overall responsibility for all accounting, cost control and financial reporting aspects of Clyde's worldwide exploration interests, both operated and non-operated.

An innovative and commercial approach is essential, together with the ability to communicate effectively within the company and with partners.

Candidates should be qualified accountants with several years' post-qualification experience. ideally in a similar role in the UK oil and gas industry.

Salary is negotiable according to experience and the attractive benefits package includes a fully-expensed car and membership of pension, profit sharing and medical benefits schemes. Reasonable relocation expenses will be met.

Please write (with CV) or telephone in confidence to:

> Mr J W Price CBE Ctyde petroieum plc

Coddington Court Coddington, Nr Ledbury

Herefordshire iiR8 1JL CLYDE PETROLEUM pk



### YOUNG CORPORATE FINANCE EXECUTIVE c.£25,000 & Benefits

A string of award-winning programmes has given Central Independent TV plc, the largest seven-day contractor in the UK, an enviable reputation in the industry. The maintenance of such a high profile in a climate of significant change is a challenge to which the company has responded positively, including strengthening the financial team. Reporting to the Controller of Corporate Finance, you will be closely involved in five key areas of activity. Your remit will cover the analysis and preparation of data relating to companies of interest to Central; group taxation and VAT information and returns along with the identification and evaluation of planning opportunities; investment appraisals including DCF and lease v. purchase comparisons and the evaluation of funding

Probably aged 25-30, you will be a qualified accountant well versed in financial evaluation and analysis and with good knowledge of corporate taxation and VAT. You will also have some understanding of treasury operations and funding decisions.

For a practical accountant with the right background who can also demonstrate the scope for future development, this is an excellent opportunity to pursue a challenging career path in a premium company. Interested candidates should submit a comprehensive career resume quoting ref. 22119/FT.

Varley Walker & Partners, St. James House, 17 Housefair, Birmingham B1 1DB Tel: 021-622 1133 Fax: 021-666 6955



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### Höme Loans

### Finance Manager

#### Solihull, Midlands

One of the most exciting and innovarive financial service companies in the United Kingdom, The National Home Loans Corporation Plc, have attained their current position as market leaders in only three years of operation. In 1988 the company advanced £1.2 hillion in new mortgages, and profits increased by a staggering 108% to £23.1 million. The strategy is simple—commitment to growth by diversification and the management of charges.

To help achieve this corporate objective an outstanding opportunity has arisen within Group finance. Reporting to the Divisional Director — Finance and controlling a small but very high profile team, responsibilities are exciting and varied including

Financial modelling of business plans. Evaluation of new products.

Involvement in reviewing potential acqu Treasury manage

c£23k+Mortgage+Car+Benefits

Group planning.

Commercial lisison with the most senior members of the

The role demands a qualified accomment with a minimum of two years PQE in either commerce/industry or public practice. To be successful candidates will need a positive, self starting approach to problem solving, a willingness to work as part of a team and the interpersonal skills to communicate effectively at all levels. For candidates who can demonstrate the necessary potential, there is scope to gain excellent experience in a fast moving environment offering a superb structured career path

Interested applicants should write to Paul Toner, enclosing a comprehensive CV, at Michael Page Finance, Bennetts Court, 6 Bennetts Hill, Birmingham B2 5ST.

#### Michael Page Finance

International Recruitment Consultants London Bristol Windsor St Albans Leatherhead Birmingham Nottingham Manchester Leeds Newcastle-upon-Tyne Glasgow & Worldwide

### Divisional Finance Director (Designate)

#### West Yorkshire

Our client is an autonomous £45 million turnover multi-site manufacturing division of a highly acquisitive, rapidly expanding, quoted textile Group. Their product range has an enviable reputation in the UK and overseas, which has resulted in the successful penetration of consumer and leisure markets.

They now seek to appoint a Divisional Financial Controller who, reporting to the Divisional Managing Director, will be responsible for the total finance, business planning and DP functions. A key area of responsibility will be direct involver in a major capital investment programme, with particular emphasis on the further development of a fully integrated management information system. As a member of the executive team, the individual will be expected to make a significant contribution to the overall management

#### to £30k+Car+Substantial Bonus

Candidates, aged 30+, will be graduate qualified accounted preferably with systems implementation experience gained within a fast moving manufacturing environment. Strong communication skills and the ability to make an effective contribution to the profitable development of the division are regarded as pre-requisites for this appointmen A Board appointment is envisaged and this position is viewed as a development role within the Group.

A comprehensive package including a profit related bottom scheme and full relocation facilities is available where

Interested applicants should write to James J. Russell, quoting Ref. L8463, at Michael Page Finance, Leigh House, 28-32 St. Paul's Street, Leeds LSI 2PX. Tel. (0532) 450212.

#### Michael Page Finance

International Recruitment Consultants London Bristol Windsor St-Albans Leatherhead Birmingham Nottingham Manchester Leeds Newcastle-upon-Tyne Glasgow & Worldwide

## Group Financial Controller

An exceptional opportunity for an astute opportunist North West London £28,000 – £30,000 plus £28,000 - £30,000 plus car

Involved in the marketing and installation of acce envoyed in the matrixing and installation of access control/security systems, our client is currently enjoying outstanding levels of growth and profitability. As a result, a new position has been created for a dynamic young qualified accountant to guide them through this exciting phase of development and beyond.

Fleporting directly to the Board, you will personally assume overall responsibility for all the group's financial activities. Your initial brief will be to update their existing systems, which they have now outgrown, through the introduction of new accounting procedures and reporting techniques. Your role will also involve assisting in the implementation of a fully integrated computing facility.

Ideally with at least two years' commercial experience, you must be able to demonstrate considerable business acumen, allied to the natural ability to think both strategically and creatively. Computer experience is essemial. This is a real opportunity to make a significant impact on the business and enjoy career development commensurate with your achievements.

Excellent prospects exist, including the possibility of attaining Board status in the medium term and the possibility of guiding the company through a ation at the same time.

Applications, giving full personal and career details, should be submitted, quoting reference SHA 1250, to Kelly Iriondo at Stoy Hayward Associates, at the address below.

### European Financial Controller

Package c. £35,000-£40,000

Our client is one of the principal divisions of a UK plc engaged in the design, engineering and supply of complete information systems. The division specialises in the financial sector both in the UK and internationally.

As part of an extensive restructuring programme, the division now wishes to appoint a European Financial Controller, based in London. The key task initially will be the identification and implementation of improvements to the existing control systems. The successful candidate will play a significant role in setting and achieving the divisions business objectives.

This will be a broad role with considerable potential, requiring a strong commercial as well as technical awareness. The successful candidate will be involved in the pricing, accounting and control of major contracts in addition to the communication of financial information to management

The ideal candidate will be a qualified accountant, PC literate and probably in his/her mid 30s. He/she should be able to demonstrate a strong record of controlling the finance function in a fast-moving environment. The position will involve some overseas travel, particularly to France. Our client is offering an attractive remuneration package including a performance related bonus and share options in the holding company.

Please apply to: Anthony Jones, Career Plan Ltd., 33 John's Mews, London, WCIN 2NS, tel: 01-242 5775 (or 01-348 364) between 7.30 pm and 9.30 pm).

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plan Personnel Consultants

### **Stoy Hayward Associates**

#### MANAGEMENT CONSULTANTS, EXECUTIVE SELECTION DIVISION, 8 BAKER STREET, LONDON W1M 1DA A member of Horwath & Horwath Internal

### Finance Different RAPIDLY EXPANDING PROPERTY COMPANY

### c.£40,000 + substantial bonus + car

**CENTRAL LONDON** 

We wish to recruit an ambitious qualified accountant with knowledge of the property sector to assume the key position of Finance Director within our company.

Reporting to the Managing Director, the successful candidate will be responsible for running a young professional team and for ensuring the provision of effective financial and accounting support and advice. Enthusiasm and the potential to grow with the company are essential for this challenging role.

Please send full career details to: Box No A1165, Financial Times. 10 Cannon Street, London EC4P 4BY.

### **New Company -- New Factory** - New Opportunity for a recently qualified ACCOUNTANT

#### c £18,000-£20,000+car North Midlands

Our clients, a large successful organisation with diverse interest throughout the UK and Europe are commencing a new venture—a combination between two multi-national parents—with likely first year sales of around £6 million.

Located in the North Midlands and supplying engineered products to the motor industry, this would appeal to a young recently qualified Accountant to take the role of Company Accountant.

With total financial control reporting to the General Manager, you will be responsible for setting up computerised accounting procedures, standard costing systems, labour cost analysis; production management liaison, monthly operating statements and variance analyses; customer profitability reporting.

Candidates, aged in their 20's, should be recently Qualified CIMA/ACMA, ideally with some experience gained in a medium sized engineering environment, but now looking to gain further experience in an expanding and forward-looking organisation.

Salary will be negotiable as indicated, depending upon qualifications and specific experience, along with a comprehensive benefits package including a fully expensed

Please write or telephone for a personal history form quoting reference number 1781 to: E. M. Shill, MECI, John Phillips Selection Limited, Norfolk House, Smallbrook Queensway,

**OHN PHILLIPS** SELECTION

#### FINANCE MANAGER AGE 25 - 35 LONDON

Thie is an excellent career opportunity to join the Management Team of this prestigious Private Hospital Complex.

The successful applicant will report directly to the Associate Executive Director/Finance and should be ACA or ACCA with at least two year's post-qualifying experience, preferably in the commercial field. Knowledge of a computerised financial accounts system and a determination to achieve deadlines are required as is the ability to supervise staff and communicate with all levels of management.

The Hospital offers an excellent working environment along with a generous salary and benefits package.

Please apply in confidence, enclosing a C.V. and salary detaile to Mr. Graham White, Personnel Director.

> **Humana Hospital** Wellington

Wellington Place London NW8 9LE

### Financial Controller

Cash & Carry — North London

Circa £25,000 per annum plus Bonus and Car

This young and dynamic Grocery Company has achieved outstanding turnover growth and profit ratios during the past three years. It is now planning its expansion programme into the 1990's based upon a very successful philosophy of marketing and selling a quality range of branded and own label products supported by an excellent customer service programme. As part of the future development of the business the need exists to recruit a qualified ACMA. around 28 years of age, with approximately three years post qualification experience in a "trading" environment, who can take responsibility for all aspects of the Company's accounting functions. The successful candidate must be able to contribute, as a member of the Management Committee, to the general direction and performance of the business through a sound understanding of "cash planning"

in a business whose turnover exceeds £20m per annum. The pragmatic ability to apply management accounting principles and practices is key to the role and a good working knowledge of computerised accountancy particularly in the area of Purchase Ledger/Pricing Control would be an added advantage. This role will eppeal to a young accountant who has a commercial awareness developed from working in a fast moving trading

This is the opportunity to join a young Company whose management style is very much "hands on" but where proactive and creative thinking is encouraged. Promotional prospects are, of course excellent. Please write with full career details to: Cliff Dealtry, James Allen & Associates Limited, 46 Drury Lane, Solihull, West Midlands B91 3BJ, Tel: 021-705 7399.

JAMESALLEN & ASSOCIATES LIMITED

EXECUTIVE SEARCH, SELECTION & DEVELOPMENT

### Company Accountant

Birmingham 85 4LJ. Tel: 021-643 9648.

Finalist Or Recently Qualified

Northants £22,000 Package

This is a truly outstanding opportunity to join the finance function of a company who are the market leaders in Europe in the supply of plastic bottles to the beverege merket. The company accountant will report to the financial controller with main responsibilities being projects and treasury, this includes capital planning, budgets, business planning, grants, cash flow control, foreign exchange planning and special assignments and investigations. Preferably aged 28-35 you will be a finalist or recently qualified with at least three years experience in industry or commerce. In addition to the attractive salary the package also includes a lease car, bonus scheme and relocation assistance where appropriete. Career prospects are

Male or female candidates should submit in confidence a comprehensive c.v. or telephone for e Personal History Form to: G.J. Deakin, Hoggett Bowers plc, 13 Frederick Road, Edgbeston, BIRMINGHAM, B15 1JD, 021-455 7575, Fax: 021-454 2338, quoting Ref:

### Hoggett Bowers

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FINANCIAL TIMES NEWSPAPER

LONDON

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INTERNATIONAL

### **FINANCIAL TIMES** COMPANIES & MARKETS

Thursday March 9 1989

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#### New top brass at Metaligesellschaft



(left) does not fit the sterotype of a solemn, serious West German executive. But his some times irreverent sense of humour belies the nard-driving business man soon to become chairman of Metaligeellschaft, the metals mining, and chemicals

group. Aged 44, he will be one of Germany's youngest company chairmen. Andrew Fisher reports on hie plans for the company. Page 18

#### French market watchdog sharpens its teeth

The financial scandals of the last few months have shaken public confidence in the country's financial establishment. In response, the French cabinet has considerably strengthened the disciplinary powers of the Cob, the stock market watchdog, surprising even some of the most ardent campaigners for stricter rules, finds Paul Betts. Page 22

Ultramar posts sharp rise Ultramar, Independent UK-based oil company, announced a sharp rise in after-tax profits, which it said reflected restructuring, it also revealed it planned to sell its oil business in Western Canada. Page 24

#### Finding gold in a green market

The "green" theme is sprouting vigorously in the UK and Japanese equity markets as investors home in on companies involved in waste clean-up, water purification and the search for chlorofluorocarbon substitutes. But in other markets, such as the US, pollution control le old hat and investors are finding little to get sxcited about. Page 42

#### China hopes for rich harvest from Soviet venture



China has tong struggled with how to feed its people: More than 46m of them do not have enough to eat. In a bid to tackle the problem, the Government is discussing joint ventures with the Soviet Union. Its efforts are being hampered, however, by shortages and the after-effects of earlier land reforms. Page 30

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### Rhône-Poulenc advances 46% to FFr3.5bn profit

By Andrew Baxter in Paris RHONE-POULENC, the French

state-controlled chemicals and drugs group, yesterday announced a 45 per cent rise in 1988 net profits to FFr3.5hn (\$670m) from FFr2.36bn the previ-

(\$570m) from FFr2.36bn the previous year.

The results, which were well ahead of analysts' expectations, confirm the extent of the group's recovery since the lean years of the early 1980s, and put it in its strongest position financially in the current decade.

Group sales rose 16.3 per cent to FFr65.3bn last year including a 7 per cent increase in volume. The full-year consolidation of the mineral chemical activities of Stauffer of the US, acquired in 1987, accounted for 4 per cent of the rise.

Along with other companies, Rhône-Poulenc benefited from the boom last year in the global basic chemical industry, lifting operating profits on the chemi-cals side from FFr3.48bn in 1987 to FFr4.56bn. Along with the incorporation of Stauffer, the division's development programme and productivity gains

played an important part.

In the health division, operating profits rose from FFr1.32bn in 1987 to FFr1.57bn, despite some difficulties in upstream pharmaceuticals where the lower average value of the dollar last year had a negative effect.

Last month Rhône-Poulenc

announced the purchase of Monsanto's bulk aspirin and paracetamol manufacturing plants, to
complement its purchase last
year of Bottn, a leading French
aspirin pill manufacturer with a
strong research base.

The agrichemicals division
boosted 1988 operating profits
from FFr477m to FFr779m,
reflecting synergies achieved
from the company's purchase of
the agrichemical division of
Union Carbide, making it the
third largest in the world in this
sector.

The fourth major division, fibres, posted a strong turnround from an operating loss of FFr305m in 1987 to profits of FFrom. The company said this partly reflected the oustained market in Europe for polyester fibre following anti-dumping ini-tiatives by the EC.

Total operating profit for the group emerged at FFr6.19bn, up 50 per cent from the FFr4.12bn in 1967, and despite a further heavy restructuring charge of FFr617m against FFr650m. The company said its programme to divest unwanted assets was essentially

The company said prospects for the first half of 1989 were satisfactory, and the group would continue looking for acquisition opportunities, following the FFr3bn it spent on takeovers last

### GrandMet sells US unit for \$431m and takes over Metaxa

By Roderick Oram and Christopher Parkes

GRAND Metropolitan, the UK food and drinks group, has sold the S&A Restaurant unit of Pills-bury for \$431m cash, ending the legal hitches surrounding its takeover of the US foods group. In a separate move, GrandMet

said yesterday it was taking over Metaxa, the Greek brandy busi-bess, for an undisclosed sum and Ouzo 12, the world's leading brand of the anise-flavoured Greek aperitif. Both are owned by the Metaxa brothers.

GrandMet appears to have got a good price for S&A. When Pillsa good price for Self. When this bury was trying to fend off GrandMet's \$5.75bn, takeover offer last year, analysis estimated S&A was worth around \$300m.

The purchaser is an investor group led by DJS/Inverness, a small leveraged buyout specialist, and the senior management of the chain of some 380 Steak & Ale and Bennigan's restaurants. Finance is coming from Citicorp Capital Investors and other

Right from the start of the takeover fight, GrandMet said it would sell S&A to overcome legal hurdles. More than 30 states have laws forbidding manufacturers and distributors of alcoholic drinks such as GrandMet from owning liquor-selling stores or

Pillsbury tried to get some dozen states to bar GrandMet from buying its shares on those

grounds but GrandMet won temporary dispensations to buy Pillsbury and quickly self S&A. It also offered to donate to charity any operating profits from S&A during its short ownership.

Pillsbury acquired the Steak & Ale chair in 1978 and subsequently developed the Reprison's

quently developed the Bennigan's format. Both brands were typical of Pillsbury's desultory performance that laid it open to takeover. The S&A unit generated sales of \$716m in the fiscal year ended May 1988 and turned in operating income of \$50m.

Profits have been falling, par-

ticularly at Steak & Ale, for a number of reasons: steak is rap-idly decilining in popularity; din-ers are drinking less; and almost a third of the Steak & Ale restau-rants were in depressed oil-prod-ucing parts of the country before a number were sold. Metaxa and Kaloyannis, are

leading players in international markets. Metaxa brandy, with annual sales of 1.5m cases, is market leader in duty-free shops, and is sold in 130 countries. As part of the Kaloyannis deal, IDV will acquire the worldwide distribution rights to Ouzo 12, which has annual sales of 900,000

IDV and Metaxa have worked together for 25 years, and the Greek company is an established distributor of IDV's J&B Rare Lex. Page 16

### **Deutsche Bank set to** make Spanish bid

By Peter Bruce in Madrid and Haig Simonian in Frankfurt

DEUTSCHE BANK of West over bid for Banco Commercial Tran-satlantico, a medium-sized Span-ish bank. The Barcelona-based bank'e shares were suspended

20 27

Mr Wolfgang von Eckartsberg, joint general manager of the Deutsche Bank in Madrid, said a formal bid for Bancotrans would probably be made "in the next couple of days." A Deutsche Bank official in Frankfurt could not give any details about the possible size or terms of the offer. The bid will mark a long, and, more recently, bruising attempt by the West Germans to reclaim a bank they founded in Spain before the Second World War and to enter finally Spain's booming

commercial banking industry. Last year the Bank of Spain would not let Deutsche Banktake over Bancotrans, but the government relented after a visit to Madrid a week ago by Mr Alfred Herrhausen, Dentsche Bank's president, during which he saw Mr Carlos Solchaga, Finance Min-

Bancotrans, once owned 100 per cent by the Deutsche Bank, was confiscated by the Franco regime after the war. It ranked 31 in Spain in terms of first-half profits last year - Ptal.14bn

(\$10m) — and runs more than 100 commercial branches, mainly in Catalonia. Deutsche Bank presently operates two branches in

which time British and American competitors have been able to competitors have been able to buy small banks and their hranch networks, the Deutsche Bank has acquired 39.05 per cent of Bancotrans. A further 10 per cent is held by the Baden Wurt-temburgische Landesbank, in which the Deutsche Bank has an

indirect interest of 12.5 per cent. marrect interest of 12.5 per cent.

The Landesbank's purchase last year was purely coincidental, say Deutsche Bank officials, though the Bank of Spain, initially suspecting a takeover by stealth, made the Deutsche deposit 10 per cent of its Bancotrans stake with it for most of the year.

Deutsche Bank also said yes-terday that it had sold its 23 per cent stake in European American Bancorp (EAB) to Amsterdam-Rotterdam Bank of the Netherlands for an undisclosed sum. Amro's stake in EAB is now 43

EAB owns EAB Bank and Trust, a general purpose bank in the US with 89 offices around New York city.

### 'Tiny' Rowland repels Bond's boarding party David Waller and Ray Bashford report on the

surprise move to auction a stake in Lonrho

Alan Bond and 'Tiny' Rowland began amicably enough last summer, with a meeting on a yacht somewhere in the Mediterranean.

the Mediterranean.

Whatever promises they might have made, as they basked in the summer sun, came to nothing: with yesterday's announcement that Mr Bond is seeking a buyer for his 19.8 per cent Lonrho stake, the affair appears to be entering its messy concluding phase.

phase.
Mr Rowland, who has encountered a lot of enemies during his quarter century at the belm of the London-based multinational, has all but seen off yet another adversary. And Mr Bond's credi-bility as a wheeler-dealer has taken a severe knock.

As one broker put it yesterday: "The whole thing is a transpar-ent attempt to extricate himself from the situation with as little embarrassment and cost as possi-ble. He has a huge amount of egg

on his chin."
"Bond is short of cash", said another. "He hasn't got anywhere with Lourbo and he's under pres-

with Lonrino and he's under pres-sure on all fronts. He is a gam-bler and he's lost."

For a time, the affair looked as though it could have blossomed into something meaningful.

When the Antipodean entrepre-neur first emerged as a Lonrho shareholder last October, there was even speculation that he

shareholder last October, there was even speculation that he might become the 70-year-old Tiny's heir apparent at the London-based multinational.

But as Mr Bond's holding got steadily bigger, the theory developed that he was preparing a £2bn (\$3.4hn) break up hid for a company with assets ranging from The Observer newspaper and the UK's biggest car distributor, to the Ashanti gold-mine in Ghana and Western Platinum, the world's largest platinum mine.

The relationship inevitably

The relationship inevitably soured and having shelled out an estimated #342m, the Mr. Bond found himself at the sharp end of an almost daily barrage of stinging criticism about the state of He went silent and stopped

buying shares. They sank back to levels far lower the average 360p-370p he paid for them. A gleeful Lonrho calculated that the holding was costing him Elm a week.
Not unnaturally, Mr Bond does
not see the decision to sell the
stake as a débacle. Indeed, Mr Rupert Faure Walker of Samuel Montagu & Co, the merchant hank handling the disposal,

### **BMP** fends off French merger bid

By Nikki Talt in London

BOASE Massimi Pollitt, the British advertising and market-ing services company, yesterday ewept into the bid limelight when BDDP, a smaller Paris-based advertising agency group, said it had made a merger

approach.

BDDP said that it envisaged making a cash offer for BMP at or around the 300p level - which would capitalise the company at around £100m (\$172m) - adding that it has already acquired e 6.48 per cent stake in BMP. It stated that it had approached BMP with a view to discussing a deal, and was seeking a recommendation.

However, the removes from

mendation.

However, the response from BMP was swift and hostile. It said that it had talked to many European agencies - including BDDP - in the context of its well-publicised plans to create a European network. As far as EUDP was concerned "the conversations involved the ways of hringing BDDP into the BMP group to give BMP a French office".

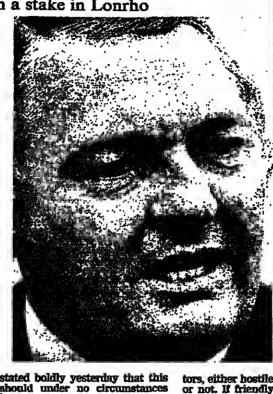
It went on to say that discussions were terminated some

sions were terminated some months ago, and that the current approach "indicates how much they need to expand from their rather limited base and how lit-tle they understand BMP, its culture and development.

The indicated offer is clearly

at a ridiculous level," says BMP, at a rigiculous level, "says RAP,
"and is totally unwelcome."
Faced hy this firm rebuff,
RDDP and its advisers, Charterhouse, said last night that they
were considering their options.
The possibility of making a hostile bid was described as "just
one of the options".
However, non-recommended

However, non-recommended offers in the agency sector are extremely rare and analysts were sceptical about the possibil-ities in this case.



be interpreted as a forced sale.

• Mr Bond finds a buyer who

Mr Bond finds a buyer in the form of a consortium of inves-

nerves over the future of Lonrho: tors, either hostile to Mr Rowland or not. If friendly to the Lonrho

status quo, the huyer could prove

be Tiny's iong-awaited heir

"Mr Bond is under no obliga-tion to sell his 95m shares," he tion to sell his 95m shares," he urged. "He went into the company in the hope of coming to some mutually beneficial agreement with Tiny. That proved impossible and it now seems appropriate to find a buyer."

However, City of London observers were a good deal more sceptical. "You would say that sort of thing too." guipped one ● Lonrho buys some of the sbares. At the forthcoming annual general meeting, the company is seeking shareholder approval to buy in 10 per per cent approvat to buy in 10 per per cent of its own shares. Why not use these powers to relieve Mr Bond of his holding? The balance could be placed in the market. However, Lonrho said yesterday this path would be fraught with technical difficulties. sort of thing too," quipped one sort of thing too," quipped one analyst, "if you were desperately trying to sell your house."

Perplexity reigned in the market yesterday, with the shares gaining 6p to 344p. This is a half-way house between the collapse one would have expected if Mr Bond had decided simply to try to place the shares — and the

nical difficulties.

• Mr Bond cannot find a buyer. Under this scenario, he ends up unior this scenario, he ends up nursing a vast, costly stake in a company which neither he nor anyone else feels able to take over. Such is the situation at Ranks Hovis McDougall, where Goodman Fielder Wattle has 29.9 to place the shares — and the leap which would have happened had there been a consensus that the stake would be sold to some-one wanting to make a hostile

· According to one far-fetched theory, Mr Bond may have no real intention of attracting a There are several possible outbuyer for the stake. He wants to prove to the market that the shares are not worth the more shares are not worth the more extravagant figures put npon them by others. A bid at 425p — the highest price he paid for his shares — would seem positively generous when no one wanted his stake at 385p.

Whatever the outcome, the whole affair has placed the would be prepared to pay the pre-mium to Lourho's current share price as a bid platform. After all, the company is supposed to have a break-up value of at least 500p and as much as 1000p, according



**Protagonists** battis of Tiny' Rowland

exemplified by a recent slide in Bond Corporation shares. The group's borowings have been con-sistently high, with estimates ranging between \$A5bn (\$4bn) and \$A7bn. and \$A7bn.

If Mr Bond disposes of the Lonrho stake he will substantially cut borrowings, but further disposals will be necessary if he is to reach his stated objective of clawing the figure back by \$A2bn in the "first few months of this year"

indeed Mr Bond's reputation as an entrepreneur, under more intense scrutiny than ever before.

intense scrutiny than ever before.

There are widely differing viewe of the group's financial position, ranging from Lonrho's claim that it is "technically insolvent" and the company's assessment that it is poised for growth.

However, there is no doubt that investor uncertainty exists, assessment elide in

The interest bill on these borrowings has risen dramatically during the past 12 months, partly because of the acquisition for because of the acquisition for \$A850m last year of the Bell Group of companies from Mr Robert Holmes à Court, the Australian businessman, and increasing interest rates. Morgan Stanley estimates the interest charge for the year will be \$A671m.

Lonnho apart, Mr Bond has been facing a threat to his credibility in Australia: The Australian Broadcasting Tribunal, the sovernment watch-dog oversee.

government watch-dog overseeing the broadcast industry, has been inquiring into whether he is a "fit and proper" person to hold a television and radio broadcast-

ing licence. Last month, the ABT ruled that Mr Bond has a case to answer on three of the allegations levelled against him. It has powers to revoke his licences, which would deny him a strong

cash generating force.

Amid these testing days for Mr
Bond in London, eyes will also be whole affair has placed the finances of the Bond Group, and away as the long case grinds on.

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#### INTERNATIONAL COMPANIES AND FINANCE

### **Balfour Beatty** helps push BICC profits up 22%

when it announced a 22 per cent increase in pre-tax profits to £156m (\$268m) for 1988, and a 29 per cent rise in earnings

Boom conditions at Balfour Beatty, the construction subsidiary, and in the cables business worldwide helped the company achieve a result well above the £144m-£149m range of brokers' estimates. The shares jumped 32p to close at 492p on the UK stock market.

Turnover grew from £2.49bn to £2.95bn, an increase of 18 per cent. Pre-interest profits grew 27 per cent to £173m, reflecting an increase in group margins from 5.46 to 5.87 per

Earnings per share rose from 29.8p to 38.4p and the final divi-dend is to be 25 per cent higher at 11.25p per share, making 16p for the full year, an increase of

23 per cent. Another positive factor was that the pre-tax figure was struck after an unquantified contribution from the company

to the pension fund.

Payments were suspended in 1986 and 1987, boosting the pre-tax result by £11m in both years, and it was thought that a resumption of payments would dent profits growth.

Balfour Beatty did particularly well, with profits up 40

ner cent to £51.3m on turnover of £1.36bn (£1.19bn last year). This division was boosted by the sale of 1,600 houses built

BICC, the UK cable and during the year, double the construction company, yesterday surprised the stock market Reflecting the benefits of continued product rationalisa-tion, profits in the UK cables ss rose 21 per cent to £45.2m on turnover up from

£521m to £583m.
Eaving sold a significant part of its businesses in 1988, BICC Technologies reported profits down from £7.1m to £6.7m. In Australasia, Metal Es.7m. In Australasia, Metal Manufactures improved its profits 11 per cent to £53m.

Last year, BICC expanded with the £90m acquisition of Ceat Cavi, Italy's second largest cable manufacturer. It also took an initial 20 per cent stake in Spain's leading cable maker and increased its holding in the US power cable company, Cablec, 'y 35 per cent.

Acquisitions chipped in £4m to the pre-interest profit figure

to the pre-interest profit figure and £43m to turnover. Improved margins at Cablec – included for its first full year – helped the North American

business more than double its profits to £16.5m. Sir William Barlow, chair-Sir William Barlow, chairman of the company and architect of its restructuring over recent years, said the figures were a milestone for the group. "After a period of consolidation, the company has achieved real growth over the last two years."

The chairman was optimistic about the future, pointing to a

about the future, pointing to a record order book for the group as a whole. At Balfour Beatty, the order book was up by a quarter to £1.7bn.

### Swiss jam maker boosts profits with acquisitions

By Our Financial Staff

HERO, the Swiss foods group best known for its range of jams, reports higher profits and plans to step up its divi-

The company said yesterday that acquisitions had helped boost the results. It planned to lift its dividend to SFr120 per bearer share from SFr108, and to SFr30 per registered share and participa-tion certificate, against SF127

Group net profit rose 28 per cent to SFr39.8m (\$25.1m) from SFr31m in 1987, following a 19 per cent increase in turnover to SFr609.9m. Much of the gain stemmed from last year's acquisition of foods group Tral-tafina.

## Wider horizons creep up on Metallgesellschaft

Andrew Fisher on the impact that changing management styles are having on the West German group

hen he is in an irrev-erently joking mood, Mr Heinz Schimmel-busch seems far removed from the usual West German executive mould

tive mould.

But the hard-driving, sometimes outspoken Mr Schimmelbusch has his serious side, too. In May, he steps up to become chairman of Metallgesellschaft, the Frankfurt gronp with worldwide interests in metals, mining, chemicals and industrial plant. Aged 44, he will be one of Germany's youngest

one of Germany's youngest company chairmen.

In the early 1980s, Metalige-selischaft, whose turnover exceeds DMI5bu (\$8.1bn), lost its place among Germany's cor-porate high-flyers. After prospering in the 1970s, it ran up heavy losses in metals trading, manufacturing and plant con-struction, only resuming divi-dend payments in 1985 after

dend payments in 1985 after omitting them for three years. Today Metallgesellschaft, under present chairman Mr Dietrich Natus, is growing again. Helped by higher metal prices, the improved economy and its investment and cost-cutting efforts, the group's net to the proof of the second by 50 present to profits soared by 50 per cent to around DM100m (\$86m) in the year ended September 1988. Final figures are due next month. Mr Schimmelbusch says "we are hopeful" that there will be a further increase this year. In the longer term, he is looking for steady rises averaging at least 10 per cent.



The affable Austrian-born Mr Schimmelbusch, now dep-uty chairman, has been with the company for 18 years, eight of those on the board, so his move to the top job will not mark an immediate change of style. His direct, rather iconoclastic approach has made a deep impression on Metallge-sellschaft. He joined after teaching economics at Tübin-gen University, and before tak-ing up the post he insisted on being sent to Wall Street to learn about US investment

being sent to Wall Street to learn about US investment banking.

So he is as much at home

markets as in the boisterous world of metal and commodiwith the metal and common-ties trading, which he oversees as a director. As head of Metall Mining Corporation (MMC), the quoted Toronto-based subsidby Metallgesellschaft, was bought from Voest-Alpine.

iary of which the group owns
63 per cent, he is also familiar
with mining and exploration.
This varied experience has
helped him take responsibility
for much of the restructuring
at Metallgesellschaft. The conpany also owns Lurgi, the manufacturer of industrial

plant.
"The process is not finished," he emphasises. "We're about haifway through. There is a long list of subsidiaries and relatively small and distant activities which have to be addressed." This should involve disposals, partnerships, or streamlining certain activities, and he intends this to happen fairly fast. "There should be a variety of relatively small transactions to make the comsactions to make the company better, more defined and more easily managed."

Then, he adds, management will have more time to concen-

trate on expansion. "We haven't really expanded yet. We have improved, but we haven't really taken any big steps. We feel it is much better to do this from a solid, strategic base."

regarded as peripheral to its main businesses, and took a majority stake in a large tungsten operation. The packaging company was sold to Austria Metall, which is keen to expand in the European Community. The tungsten holding, adding to an existing one held by Metallogeallecheft was

This twin deal allowed Metallgeselischaft to leave packaging, where it was a reladeeper into an area which is part of its core business. "We have come from a minority to a majority position in an asset close to our heart," comments Mr Schimmelbusch

Mr Schimmelbusch.

The other move, early in February, was much more expansionary. Through MMC, which groups all of Metallge-sellschaft's foreign mining interests, the Copper Range mining company in the US state of Michigan was bought for up to \$98m - the actual price will depend on meeting production targets - from its production targets – from its staff owners. MMC's portfolio already includes minority interests in Canada (Cominco and Teck), Papus New Guines (Ok. Tedi), and Australia

(MIMA).

Metallgesellschaft may be planning other moves. "If we see a definite chance, we shall go after it," asserts Mr Schimmelbusch. But this will only be in sectors where the mount. in sectors where the group already has a technological

should we buy into a different industry and then find out how they do it?" Management, now leaner

recycling, materials research, and combining different activi-ties to provide integrated ser-vices, so are short of time for other activities. The company also wants to avoid paying high prices in any future ven-tures. Exceptions would only occur if there is a rare jewel

undetected by anyone else."

Like many German companies, Metallgesellschaft has its eye on the long term rather than the immediate future. Hence the emphasis on steady, predictable profits growth rather than quick gains which could fizzle out. This would make it easier to finance acqui-sitions with debt, something not done since earnings turned volatile in the early 1980s.

Those were confusing years, when the group shed such loss-making activities as a met-

al-forming plant in Frankfurt.
Now the company has its main businesses in closer focus. "We view all our activities, without exception, as a service." Thus the company can supply, transport and finance raw materials. port, and finance raw materials for customers. It also has a growing recycling busines companies pay to have indus-

grasp. In the group's main-stream businesses, "there is an endless row of chances. Why should row of chances. Why

Such changes have made Metaligesellschaft much less subject to the gyrations of com-modity markets. "We have management, now leaner after the restructuring, is engaged on a host of internal projects in mining, metals recycling, materials research, and combining different activities to provide integrated services. "We have decreased our dependence on metal prices," says Mr Schimmelbusch. "This is a pity when prices shoot up, but good when they go down." So future profit advances are expected to be

steady rather than erretic.

Also, most stock is owned by
big shareholders such as Dresdner Bank, Deutsche Bank, Allianz insurance, the Siemens electrical concern and Kuwait, with less than a fifth held by the public. This gives the company a solid base. "It is important for us to have large." institutional shareholders," says Mr Schimmelbusch, less to protect its independence than to assure customers of long-term stability, especially for Lurgi whose large plant contracts run for several years.

From metals and chemicals trading through mining, smelting and recycling to heavy plant is a considerable spread. But to Mr Schimmelbusch, the parts form a strategic whole. This is a big change from a few years ago, when energies were devoted to eliminating losses and streamlining the group.
Then, he recalls, "there was no strategy, we just cleaned up the next item." Now, the group is in a position to look far-

### Account error at Noble & Lund

By Philip Coggan

MR ROSS MARTIN, a New Zealand businessman, said yes-terday he had discovered major accounting errors at a subsidsmall UK engineering group, just three weeks after he became chief executive of the

company.

The errors, at the company's Kwiklok subsidiary, apparently relate to overvaluation of working capital. They mean that Noble & Lund is likely to report a full-year loss, after making pre-tax profits of £1.14m (\$1.96m) at the interim

Mr Martin, who was for-merly an executive in Sir Ron Brierley's group of companies, has appointed Peat Marwick

McLintock, the accountants, to investigate the errors and the shares have meanwhile been suspended at 96p.

The investigation also means that Noble & Lund's full year results, due to be announced on March 13, have been postponed and that the proposed offer for Theseus Investments will not now proceed. Mr Mar-tin and Mr Peter Williams own 33.9 per cent of Theseus, a medical and dental supplies distributor quoted on the New Zealand stock market and the plan was to reverse Theseus into Noble & Lund and sell off

the latter's old engineering interests, based in Gatesbead. Noble & Lund became an aspiring miniconglomerate in

1985, when Mr Terry Galgey, a Eurobond dealer, put togethe a consortium to buy a majority

stake in the group.

The shares leapt ahead on hopes of growth and Mr Galgey was able to acquire a series of Mrthole companies including Kwiklok, a flat pack furniture maker. Mr Galgey has since left the group and the arrival of Mr Martin and Mr Williams, who took a 6 per cent stake, seemed to herald a new era of growth

for the company.

Mr Martin said yesterday that the Theseus deal might yet proceed and he was not dis-couraged. We think it is an isolated problem and we have discovered it quickly," he

#### VNU lifts its dividend by nearly a sixth By Our Financial Staff

VNU, the biggest publisher in the Netherlands, is lifting its dividend by close to a sixth following a good increase in profits for 1988.

The company, which acquired the Audet newspaper publishing group last year, says that profits after tax rose to F1 133.5m (\$63.8m) from

The dividend is going up from Fl 3,20 a share from Fl 2.75 a share in 1987. Operating profits totalled F1224.5m, against F1 185.7m for the year before. Sales for the year rose to F12.5bn from F12.29bn.

### Aussedat Rey takeover approved by government

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By Paul Betts in Paris

THE FRENCH Government has formally approved the proposed FFr2.2bn (\$349m) friendly acquisition of Aussedat Rey, the French paper group, by International Paper of the US.

The Government's attitude to the deal was widely regarded as a test of French attitudes towards foreign take-overs, especially after Presi-dent François Mitterrand's recent criticisms of stock market raiders and what he described as "predatory

However, the French finance and industry ministries both said yesterday that the Government had now decided to give the formal go-shead for the takeover.

Last month Aussedat Rey accepted FFr2.2bn from Inter-national Paper which also promised to finance FFr2.850n worth of investments for Aus-

sedat Rey, Although Arjomari Prioux, France's largest paper group, offered to match international Paper's offer, Aussedat Rey preferred the US bid.

The Government has not decided on another proposed takeover of a French company by a US group: the acquisition of industrial sponge maker Spontex by SM for FFr1.1bn.

This announcement is neither an offer to sell nor a solicitation of an offer to buy these securities. The offer is made only by the Prospectus.

#### \$250,000,000

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Interests in the Fund are not being offered in the United States of America or any of its territories or possessions or to any person who is a national or resident thereof or to any person purchasing for the account of or resale to any such person.

December 21, 1988

\*Member of The Securities Association

### TOZER KEMSLEY & MILLBOURN (HOLDINGS) plc

Percentage **SUMMARY OF RESULTS** Change 1988 £890m SALES £985m +11% PRE-TAX PROFITS £44.1m £32.3m +36% **EARNINGS PER SHARE** 12.9p 9.8p +32% DIVIDEND 4.0p 2.1p **BONUS SHARE ISSUE ON BASIS OF 1 FOR 10** 

> "TKM is particularly well placed ahead of the Single European Market in 1992 as one of Europe's largest motor distributors and retailers." - Sir Ron Brierley (Chairman).

Alfa Romeo (UK)

Daihatsu (UK and Eire)

Maranello Concessionaires (Ferrari)

Mazda (UK and France)

The Cooper Group

Wadham Kenning Motor Group

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Property and leisure developments

1 Lygon Place, Ebury Street, London SWIW 0JR, Telephone (01) 730 0288

#### INTERNATIONAL COMPANIES AND FINANCE

### CRA net soars to record A\$449m

CRA, the Australian resources group, plans to double capital spending after record profits announced yesterday for 1988, Reuter reports from Mel-

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High base metal, aluminium and copper prices overcame a strong local dollar to help the company, a 49 per cent owned associate of Britain's RTZ Corassociate of Britain's RTZ Corporation, lift equity-accounted
net profit 33.5 per cent to
A\$449.1m (US\$368.3m) on sales
3 per cent higher at A\$5.31bm.
Mr John Ralph, managing
director said yesterday that
CRA should exceed that profit
in 1989. It would take advantage of sharply lower debt to

tage of sharply lower debt to seek acquisitions, he added. CRA almost halved debt during 1988 to A\$1.1bn. "We will expend where first class opportunities exist." Mr Ralph said. "We are well positioned to make acquisitions to make additional growth." The group plans to double capital spend-

ing in 1989-90 to around A\$1bm.
The result came before a net extraordinary profit of A\$152.6m against A\$90.6m. Some A\$238.7m is being paid out in 1988 dividends, with a final distribution of 20 cents making 42 cents for the year against 19 cents.

Mr Ralph said CRA gained from maintaining investment. during a downturn in the early 1980s: "Ws got through it without making the sacrifices which come back and bite you

Growth would come from acquisitions, probably in min-erals and power generation, and from strong growth and efficiency improvements in iron ore, coal and copper, and development of gold interests in Papua New Guinea, Mr Ralph said.
"Our plan is to continue to

strengthen our commodity operating base. Prices are going to be much more favour-

able over the next decade than they have been over the last. Demand is firm and inventory levels are all at historic lows." Aluminium was CRA's hig-

gest revenue earner, through the 67 per cent owned Com-alco, contributing almost half the profits at A\$263.8m, up

from A\$112m.

Iron ore contributions to profit rose to A\$92.1m from A\$54.2m. Those from copper and gold rose slightly to A\$71.6m from A\$69.1m while lead, zinc and silver from Pasminco, CRA's joint venture with North Broken Hill Peko, visided A\$24.4m against a yisided A\$24.4m against a A\$10.4m loss for the division in

1987. Mr Ralph identified coal as a sector for expansion. Coal profits in 1968 more than doubled to A\$39m. CRA yesterday moved further toward its ambi-tion of becoming a major electricity provider with a joint venture pact to study building

a coal-fired power station in Western Australia Executives of CRA and Bar-

rack House Group, a private Perth investment group, said they had formed a company to consider building a 1,000 mega-watt power station fed by CRA's Hill River coal deposits, 180km north of Perth.
The study envisages a A\$1bm
power plant to be in operation

by 1994, fuelled by more than 100m tonnes of reserves. CRA already operates three of its own power stations in Papua New Guinea and Australia. The company has plans

for a large coal-fired station in New South Wales, and another in Whangarei, New Zealand, fed by Queensland coal. Comalco has said it also wants to take over the govern-ment-run Manapouri hydro-electric power station which supplies electricity to Comal-co's Tiwai Point aluminium smelter in New Zealand

### 27% in first six months

BURNS PHILP, the Australian pared with A\$681.4m, with MSAULI AND Gefco, South manufacturing and trading group, yesterday reported equi-ty-accounted net profits up 27

ty-accounted net profits up 27 per cent to A\$45.2m (US\$57.4m) in the first half to December despite large currency translation losses. Renter reports from Sydney.

The company, a leading maker of vinegar and yeast as well as a hardware retailer, said the full-year result would be satisfactory but that profit in the second half was not expected to be as high as in the first due to seasonal factors.

expected to be as high as in the first due to seasonal factors.

Mr Andrew Turnbull, chief executive, said: "Demand from the Australian building industry is continuing at high levels. Recent devaluation in the Australian building industry is continuing at high levels. tralian dollar, if sustained, will have a favourable impact on the translation of international

Sales were A\$880.2m compaid.

By Michael Marray in Hong Kong

WARDLEY HOLDINGS, the

merchant banking arm of

merchant banking arm of Hongkong and Shanghai Banking Corporation, registered a 10 per cent increase in net profits last year to a record HK\$473m (US\$60.6m).

This dividend paid to the Hongkong Bank, which is due to report its own 1988 results next Tuesday, was maintained at HK\$40m, while total assets graw to HK\$328hp from

grew to HK\$32.8bn from

Mr Bernard Asher, chief eccutive of Wardley, said that

Interest Period

Interest Amount per U.S.\$10,000 Note due

11th September 1989 U.S.\$532.81

slower economic growth antici- US\$720m.

Wardley advances 10%

\$400,000

Uniderted

Floating Rate Notes, Series GL

Unconditionally guaranteed as to payment

of principal and interest by

Province de Ouébec

Credit Suisse First Boston Limited Agent Bank

Consolidated Gold Fields Finance PLC

£75,000,000

**Guaranteed Floating Rate Notes 1995** 

unconditionally guaranteed by

Consolidated Gold Fields PLC

In accordance with the provisions of the Notes, notice is hereby given that, for the three months period, 7th March, 1989 to 7th June, 1989, the Notes will bear interest at the rate of 1314 per cent. per annum. Conpon No. 17 will therefore be payable on 7th June, 1989 at £1,669.86 per coupon from Notes of £50,000 nominal and £166.99 per coupon from Notes of £50,000 nominal.

S.G. Warburg & Co. Ltd.

Agent Bank

10.3125% per annum

9th March 1989

11th September 1989

other revenue of A\$44.3m against 39.9m. The interim div-idend is 7.5 cents a share, up

idend is 7.5 cents a share, up from 5 cents, and is one quarter franked for tax purposes.

Arnotts, an Australian foods group, yesterday reported a 27.9 per cent rise in attributable net profit to A\$28.3m (US\$22.9m) in the six months to December and said the main reason was the reduction in company tax rate to 39 per cent from 49 per cent, Reater reports from 89 day.

Pre-tax profit rose only 3.2 Pre-tax profit rose only 3.2

per cent to A\$48.1m. The construction of a large biscuit factory held back growth. Arnotts is paying an interim dividend of 7 cents plus a sec-

ond interim of 3.5 cents, to ensure that all shareholders receive their payments fully franked. Last year 9 cents was

### Burns Philp raises profit | Exchange rate shifts help S African asbestos duo

Africa's two quoted asbestos producers, registered strong profit improvements in 1988 after control was sold to man-

agement, writes Jim Jones in Johannesburg.

The two were helped by favourable exchange rate shifts last year. Both are diversifying away from asbestos and are participating in a small gold mine development near Maau-li's property in the mountains along South Africa's eastern border with Swaziland.

Gefco, which produces cro-cidolite (blue asbestos) and amostic at mines in the northern Cape, lifted sales to R84m (\$33.3m) from R64m and earned a pre-tax profit of R14.0m against the previous year's R1.2m loss. The company restrained production at its restrained production at its various mines during the first 1987 its attributal three quarters but lifted output 14.7 cents a share.

in the final quarter after stocks had been reduced.

Msauli, a producer of chrysotile asbestos at its eastern Transvaal mine, lifted turnover to R57m from R40m with the mine and mill operating at full capacity. Its pre-tax profit rose to R11.4m from R2.0m. Control of the two compa-

nies was sold by Gencor, their former parent, last year when it appeared that health fears would continue to affect asbestos markets. It was thought that people affected by asbestos fibre might litigate against

Msauli's earnings rose to 177.2 cents a share from 31.6 cents and dividend payments have been resumed with a 35 cents distribution. Gefco has declared a 12.5 cents dividend from earnings of 36.6 cents. In 1987 its attributable loss was

### Sale boosts IEP earnings

By Michael Marray

INDUSTRIAL EQUITY Pacific, the Hong Kong listed subsid-iary of Sir Ron Brierley's New pated for 1969 may make it difficult to maintain the level of earnings this year, especially in an environment of rising Zealand-based Brieriey Invest-ments, has reported net profits costs in areas such as wages

A total of US\$1.8bn in equity issues was underwritten or co-miderwritten by Wardley in 1988, while the value of project finance successfully advised on and arranged stood at US\$3.7bn. Fund management remained an important area of business. During 1988 aircraft financing transactions totalled

and rentals.

ments, has reported net profits of HK\$893m (US\$114.5m) for the six months to December, up from HK\$968m.

The company said the profit derived largely from the sale of the group's stake in CalMat, the Los Angeles cement producer, at a substantial surplus over book value.

Turnover leapt to HK\$17.55hn from a previous HK\$9.53hn. This was largely as

a result of the contribution from Tozer Kemsley and Mill-bourn, the UK motor trader which on Tuesday reported full-year pre-tax profits up 36 per cent to £44.1m (US\$75.9m). Control of IEP passed from Australian-based Industrial Equity (IEL) to Brierley Invest-ments, the New Zealand per-ent. IEP's own acquisitions

included 100 per cent of Associated Hosts, a US restaurant chain, and an 85 per cent stake in Steego, distributor of automotive and engineering sup-

INTERNATIONAL APPOINTMENTS

### JP Morgan reorganises management structure

J.P. MORGAN, the US holding bank that owns Morgan Guar-anty Trust, has made two separate organisational moves to involve its executives more directly in the management of

the group. A management committee A management committee comprising eight executives has been set up including Mr Lewis Preston, chairman and chief executive officer; Mr Den-

nis Weatherstone, president and Mr John Ruffle, vice chair-The committee aims to improve analysis of important issues, decision-making and

communications by integrating policy and planning with day-to-day management. The corporate office will continue U.S. \$200,000,000 Midland International

**Guaranteed Floating** Rate Notes 1999 as to payment of principal and interest by Midland Bank pic

Financial Services B.V.

For the six months from 8.3.89 to 11.8.88 the Hotes will carry an interest rate On 11.9.69 interest of U.S. \$532.81 will be due per U.S. \$10,000 Nate for Coupon No. 11

Agent Bank EBC Amro Bank Limited

Royal Trustco Limited
U.S. \$150,000,000
U.S. \$150,000,000
Floating fixte Subordinated
Capital Debentures Due 2005
Notice is hereby given that the rate of
interest for the six month period 9 March
10.40 per cent. The amount payable per
U.S. \$50,000 Note on U September 1999
will be U.S. \$557.33 against Coupen
No. 6. The amount payable per U.S.
\$300,000 Note will be U.S. \$5573.33
against Coupen No. 6.
Bank of Mondreal as Agent

Bank of Montreal as Agent

to be responsible for policy and The company has also set up

a global support group to realign its operational and sup-port activities. The group plans to reduce costs by advising on business priorities for investment. It will also manage operational services sold to clients on a worldwide basis such as cash management services.

MEDTRONIC MDT, the US producer of implantable car-diac pacemakers, has elected Mr William George president and chief operating officer. He will succeed Mr Winston Wal-lin, who remains as chairman.

Mr George, who will be responsible for Medtronic's cardiovascular businesses, has been president of Honeywell's space and aviation systems business since December 1987.

M/A-COM, the New England-based manufacturer of telecommunications systems and equipment, has elected Mr Thomas Burke chairman. The position has been vacant since position has been vacant since February 1986, when Mr Rich-ard Dibona stepped down due to illness.

Mr Burke is now chairman, president and chief executive officer of the company.

AHMANSON (HF), the California-based property, insurance and mortgage com-pany, has appointed Mr Jack Frazee executive vice president and chief financial officer. Mr Frazee, who succeeds Mr Calvin Wallace who is retiring. was executive vice president and chief financial officer at Union Bank for 10 years before

CSR, the Australian-based

ON BEHALF OF HURSTMERE FINANCE LIMITED AND WILSHIRE LIMITED (WHOLLY OWNED SUBSIDIARIES OF BOND CORPORATION HOLDINGS LIMITED AND BELL RESOURCES LIMITED, RESPECTIVELY)

**PURCHASE INVITATION** 

BY

SAMUEL MONTAGU & CO. LIMITED

TO SELL THE WHOLE OF THEIR SHAREHOLDINGS IN LONRHO PLC

AT A MINIMUM PRICE OF 385P PER ORDINARY SHARE (CUM-SCRIP)

This purchase invitation telestes to 95,022,641 Ordinary Shares of 25p each in Loutho Pic ("Loutho") Ordinary Shares of 25p each in Lourho Pic ("Lourho") representing approximately 19.8 per coart of the convent instead ordinary share capital of Lourho (the "Existing Shareholding") together with such further ordinary shares in Lourho as may be issued pursuant to elections that may be made in respect of the Existing Shareholding to sective ordinary shares in Lourho in Hen of all or part of the final dividend declared for the year ended 30 September, 1938 and the first interior dividend declared for the year ending 30 September, 1939 (the "Dividend Shares"). In excandance with the circular from Lourho to its shareholders dated 16 February, 1939 the acceptance of elections to receive ordinary shares in lies of dividends (which elections could result in the issue of up to a maximum of 2,949, 457 Dividend Shares in the event dividends (which elections could result in the issue of up to a maximum of 2,969, 457 Dividend Shares in the event that Hansimere France Limited ("Horstmere") and Witshire Limited ("Witshire") make such elections in fail) is subject, inter alia, to the approval of Loudon Shareholders at the Annual General Meeting to be held on 30 March, 1989. The Briseing Shareholding together with the Dividend Shares are hereinafter referred to at the "Loudo Ordinary Shares". The Loudo Ordinary Shares in which this Furchase liavitation relates will be said together with such further shares in Loudon as may fall to be issued in perpect of the Loudon Ordinary Shares which is subject to the approval of Loudon ardinary shares which is subject to the approval of Loudon administration at the Annual General Meeting to be held on 30 March, 1989.

30 March, 1989, 30 March, 1989,
Sanael Mostagu & Co. Limited, on hebaif of Hurstmers and Wilshire, being wholly owned subsidiaries of
Bood Coeporation Holdings Limited and BellResources
Limited respectively (the "Bond Group of Campanies"),
hereby hevites, subject to the following terms and conditions, offers for the Lourho Ordinary Shares.

1. Offers pursuant to this Panchase Invitation must be
for all the Lourho Ordinary Shares at the same price
per chare for all much shares and most be expressed in
sterling as a whole number of pence per three com
active. Stamm dark and/or stamp dark preserve tax will

sterling as a whole number of pence per share can acrip. Stamp daty and/or stamp daty reserve tax will be payable by the parchasez.

The minimum purchase price shall be 385p (cum-acrip) for each Laurho Ordinary Share. Huntanere and Wilshire may at their discretion be prepared to accept offices to alternative consideration provided that the value of such alternative consideration is in the opinion of Einsteinere and Wilshire greater than the value of the highest cash offer which has been received and in our event, is not less than 385n (cum sectived and in any event, is not less than 325p (cam

scrip) per share. Horsemere and Wilshire shall in no way be bound to accept offers which are not in each or to respect of which a suitable confirmation of the

to respect of which a saltable confirmation of the availability of cash if such a confirmation is requested by Hurstmere and Wilshire) is not provided.

3. The Loacho Ordinary Shares will be sold free from all Rens, charges and encumbrances and with all rights attaching thereto, including the right to receive the 1 for 6 sexip issue referred to above and the right to receive all dividends and other distributions declared, made or paid following 17 April, 1989.

Offers premunant to this Purchase Invitation must be in writing and received by 5.00 p.m. on 17 April, 1989.

Offers should be addressed to Sanuel Mentaga & Ca. Limited, 18 Lower Thames Street, London, EC3R.

6AE for the attention of the Managine Director.

Composite Finance Division.

By submitting an offer pursuant to this Purchase Invitation, a person will offer to purchase, at the price stated in such offer all the Lourho Ordinary Shares.

stated in such affer, all the Lourino Ordinary Shares on the terms of this Purchase Invitation and any contract resulting from the acceptance of that Purchase Invitation will be governed by and construed in accordance with English Leu.

6. Samuel Montegn & Co. Limited meserves the right to reject any offer made pursuant to this Purchase Invitation not complying in all respects with the requirements of this Purchase Invitation.

2. Sobject to paragraphs 8 and 11, the offer pursuant to this Purchase Invitation giving the highest aggregate price will be accepted at that price. If more than one valid offer at that aggregate price is made, Samuel Montagn & Co. Limited shall have absolute discretion either to dexide which of such offers to accept or to invite those parties to increase the aggregate price. to invite those parties to increase the aggregate price at which they are offering to purchase the Loarho Ordinary Shares. Harstmere and Wilshireshall have absolute discretion to refuse to accept any effer which is subject to conditions in addition to that contained in accounts II

which is subject to conditions in addition to that contained in paragraph II.

The right is reserved (at the option of Hurstmere and Wilskin) to terminate this Purchase invitation and is seject all effers pursuant to this Purchase lavination (but not some only) in the event thet, at any time at or before 5.00 p.m. on 17 April, 1989, a public amounteement is made by a third purty or Loutho of either the acquisition of some than 5 per cent, of the Issued ordinary share capital of Loutho or of an intention by a third party to make, or of discussions which may lead to, an offer to acquire the whole or any part

of the share capital of Lourho or in the event of any announcement by Lourho of any proposed material change in the circumstances of Lourho.

9. No person receiving this Purchase Invitation in any territory other than the United Kingdom may treat the same as constituting an invitation to him nor should be in any event apply, unless in the relevant territory such invitation could lawfully be made without contravention of any registration or other legal requirements. It is the responsibility of any person outside the United Kingdom wishing to purchase the Lourho Ordinary Shares pursuant to this Purchase Invitation to satisfy himself as to full observance of the laws of the relevant territory in observance of the laws of the relevant territory in connection therewith including obtaining any requi-site governmental or other consents are observing any other formalities needing to be observed in such

territory.

18. This Parchase Invitation is only being made to persons one fall within Article 9(3) of the Financial Page (Investment Advertisements) persons who fall within Article 2(3) or use re-Services Act 1926 (Investment Advertisements) (Exemptions) Order 1928.

(Exemptions) Order 1988.

It in the context of proceedings commenced against the Bond Group of Companies by Lourho, the Bond Group of Companies has given an undertaking to the High Court in England not in dispose of the shareholding in Lourho without the prior consent of the High Court. The obtaining of such consent by the Bond Group of Companies is therefore a candition of the consent by the Bond Group of Companies is therefore a candition of any sale pursuant to this Perchase Invitation

1. The Bend Group of Companies is not interested in any Ordinary Shares of Londo save for the Londo inary Shares which are the subject of the Porchage Invitation

Pareinase invitation.

Samuel Montago is registered to England No.

499482 and is a member of The Scoutiles Association, lts registered office is at 18 Lower Thames Street,
London EC3R 6AE.

3. This advertisement does not and is not intended to constitute on offer or invitation to acquire otherwise then pursuant to the Purchase Invitation, or to subbe for premities to Lourho.

March 1989

nouncement appears as a matter of record only.

#### INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT Washington, D.C.



Ptas. 10,000,000,000 1134% Notes of 1989, due 1994

Madrid

Offering Price: Recayment: Listing:

1011/4% 11%% p.a., payable annually in arreers on March 9 March 9, 1984 at par

Deutsche Bank Aktiengesellschaft

Banco Bilbao Vizcaya, S.A.

Bankers Trust

Midland Bank pic Sucursel on Espeta

Banco Central, S.A.

Banco Español de Crédito S.A.

Banque Bruxelles Lambort

J.P. Morgan España S.A.

Banco Comercial Transatiántico, S.A. Banco Exterior de España, S.A. Banco Hispano Americano, S.A.

Servicios Financieros, S.A.

BNP España, S.A.

Société Générale de Banque en Espagne Tokyo Servicios Financieros, S.A.

Generale Bank Banco Belga

SANWA AUSTRALIA LEASING LIMITED A\$100,000,000 **Guaranteed Floating Rate Notes Due 1993** 

In accordance with the conditions of the notes, notice is hereby given that for the three-month period 9th March 1989 to 9th June 1989 (92 days) the notes will carry an interest rate of 16.6167% p.a. Relevant interest payments will be as follows:

Notes of A\$100,000-A\$4246.49 per coupon. THE SANWA BANK LIMITED Agent Bank



Alahli Bank of Kuwait (K.S.C.)

US\$50,000,000

Notice is hereby given that the Rate of Interest has been fixed at 10.50% and that the interest payable on the relevant Interest Payment Date, September 11, 1989 against Coupon No. 10 in respect of US\$5,000 nominal of the Notes will be US\$271.25 and in respect of US\$250,000 nominal of the Notes will be US\$13,562.50.

March 9, 1989, London By: Citibank, N.A. (CSSI Dept.). Agent Bank

**CITIBANG** 

Citizens Federal Savings and Loan Association U.S. \$100,000,000 Collateralized Floating Rate Notes due 1996 For the six months 8th March, 1989 to 8th September, 1989, the Notes will carry an interest rate of 10.525% per amount and an interest amount of U.S. \$1,344.86 per U.S. \$25,000 Note.

Bankers Trust Company, London

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Agent Bank

joining Ahmanson.

building materials group, has appointed Mr Alan Coates to the post of chairman. The move will follow the retire-ment of Mr Keith Steel on

Mr Coates is chairman of Brambles and a director of a number of companies includ-ing CRA and Pacific Dunlop.

Western Europe to around 100,000 vehicles a year by 1992-94, including some 30,000

units of its planned European-produced sports/utility vehicle. It is also expanding its for-

eign sales in other markets, including Taiwan and Japan. Sales of its international

operations are expected to dou-

operations are expected to double this year to some \$20n.
Last year it shipped some 70,000 vehicles abroad, of which nearly half were exported to Europe.
Chrysler, which owns Lamborghini and 15 per cent of Maserati in Raly, has recently agreed a distribution joint venture with First for the sale of

ture with Fiat for the sale of

Alfa Romeo cars in the US. At the same time, Hyundai

the South Korean car maker, is to make some 30,000 saloons a

year for Chrysler at its new Canadian plant starting in

Mr Hammes said much of the company's growth would come from partnership ven-tures. It is already manufactur-ing cars in the US in a 50-50

communique, to pursue "in a lasting way the collaboration which has given full satisfaction in the last few years."

Both sides talk of a friendly relationship — and the news yesterday that SGB will take a 10 per cent stake in the Friene.

10 per cent stake in the Frère company Fibelper so that the collaboration previously enjoyed through Electrafina may be continued is a sign of

it. However, few brokers in Brussels believe that the old tensions will not resurface

some day. The immediate aim of the

two companies, said yester-day's statement, is to give Petrofina and Tractebel a sta-

ble and powerful shareholding which will give to these compa-

### INTERNATIONAL COMPANIES AND FINANCE

### Chrysler, Renault in joint venture

By Kevin Done, Motor Industry Correspondent in Geneva

February 1989

BANK OF MONTREAL SINGAPORE BRANCH

This announcement appears as a matter of record only.

CAN \$100,000,000

113/8% Deposit Notes due 6th March 1991

Bank of Montreal Capital Markets Limited

Banque Bruxelles Lambert S.A. Generale Bank ScotiaMcLeod Inc.

Crédit Lyonnals **RBC Dominion Securities International** Union Bank of Switzerland (Securities) Limited Wood Gundy Inc.

Bankers Trust International Limited

Commerzbank Aktiengesellschaft

Krediethank International Group

The Nikko Securities Co., (Europe) Ltd.

Dresdner Bank

Société Générale

**IBJ** International Limited

Westdeutsche Landesbank

Girozentrale

Amsterdam-Rotterdam Bank N.V. **BNP Capital Markets Limited** Crédit Commercial de France

Fuji International Finance Limited J.P. Morgan Securities Ltd. Merrill Lynch International & Co. Shearson Lehman Hutton International Swiss Bank Corporation

Yamaichi International (Europe) Limited

Algemene Bank Nederland N.V. Banque Générale du Luxembourg S.A. Chase Investment Bank

Banque de Luxembourg S.A. Banque Internationale à Luxembourg S.A. Hamboos Bank Limited

Sumitomo Finance International

**MCorp** 

Notice of Informal Meeting of Creditors

1:30 p.m. March 30, 1989 MBank Dallas Auditorium

Fifth Floor Momentum Place

1717 Main Street

Dallas, Texas

To Holders of MCorp's:

111/2% Notes Due 1989

10%% Notes Due 1993

111/2% Notes Due 1992

Floating Rate Notes Due 1992

Floating Rate Notes Due 1999

9%% Sinking Fund Debentures Due 2001

Floating Rate Subordinated Capital Notes Due 1997

Other Indebtedness for Borrowed Money

In keeping with its commitment to maintain open channels

of communication, MCorp will hold another informal meeting for

holders of its indebtedness for borrowed money on Thursday, March 30, 1989, at 1:30 p.m., at the MBank Dallas Auditorium on

the fifth floor of Momentum Place at 1717 Main Street in Dallas.

Tenas. Representatives of MCorp will be present at the meeting to discuss matters of common interest to such creditors and to

answer questions. The attendance of MCorp's creditors, with proper credentials, is encouraged.

CHRYSLER. the automotive group, and Renault of France are to invest around \$600m in their 50-50 joint ven-ture to produce a small four-wheel drive sports/utility

vehicle in the early 1990s. The joint manufacturing venture with Renault is the most amhitious step yet taken by Chrysler to re-establish a presence in Western Europe following its forced withdrawal

at the end of the 1970s in the middle of a financial crisis.

Mr Mike Hammes, Chrysler vice president for international operations, said the vehicle, codenamed the JJ, would be manufactured at two existing manufactured at two existing assembly plants, one in North America, and one in Western Europe, most probably in France, Spain or Portugal. Production would begin in

1992 with each plant having a capacity to produce 80,000-100,000 vehicles a year.

The new vehicle will com-

pete in a fast-growing sector, which has been dominated by Japanese vehicles such as the Suzuki SJ series and the recently launched Suzuki

Mr Hammes said Renault and Chrysler would share equally the output from the Europeen plant, while all the production from the North American facility would be distributed by Chrysler.

The location of the European

plant would be decided in April said Mr Hammes. A decision is due on the North American location in June.
The new vehicle will be manufactured in modular form in a process that would be a techno-

logical breakthrough for the auto industry, said Mr Both left and right-hand drive versions would be manu-factured, and the company would use the vehicle to re-cu-ter the UK market.

Chrysler sold its European vehicle manufacturing operations to Peugeot of France in 1978.
Mr Hammes said they would seek to appoint an importer/ distributor in the UK next

Chrysler returned to several continental European markets last year with the launch of a range of cars, four-wheel drive

Jeep vehicles and its Voyager, the so-called mini wagon or

"people carrier."
Mr Hammes said vehicle shipments to Western Europe last year totalled some 30,000 units, while sales amounted to around 17,000 vehicles. The biggest market was West Ger-many, which accounted for shipments of 13,200 vehicles.

shipments of 13,200 vehicles. Chrysler began selling vehicles last year in West Ger-many, Austria, Belgium, Hol-land and Switzerland in addition to its existing distribution in Scandinavia and Jeep sales through Renault in France and Italy. It is re-entering the French car market this year. it now has a network of 650 dealers in West Europe, includ-ing some 300 franchised Renault dealers in France and Italy, and is aiming to increase this to 750 by the end of the

year. Mr Hammes said Chrysler was planning to ship some 50,000 vehicles to Europe in 1989, of which some 5,000-8,000 would be used to build dealer

He added that Chrysler was aiming to increase its sales in

### Troubled Coleco considers sale option

By Anatole Kaletsky in New York

COLECO Industries, the US toys group which filed for bankruptcy last year with debts of more than \$500m, is exploring a sale of the company as an alternative to the financial restructuring suggested by management two months ago and bitterly opposed by unsecured creditors.

Mr Brian Clarke, the com-pany's president, told the US District Court in New York that a sale of the company, well-known for its Cabbage Patch Kids dolls, had been approved by Coleco's board and the committee representing unsecured creditors in the

bankruptcy proceedings.
Mr Morton Handel, chairmr Morron Handel, char-man, said no offers had yet been received, but he refused to say whether talks had been held with possible bidders. The company had proposed converting \$417m of unsecured

debt into common stock worth about 36 per cent of the reor-ganised company. The sole secured creditor, Carlyle Capi-tal, would receive partial repayment and stock worth up

to 55 per cent of the equity. Carlyle bought all of Coleco's secured debts, with a face value of around \$67m, from its bank creditors last year. Exist-ing shareholders would receive about 5 per cent of the equity and 4 per cent would go to present and future members of

the management team.

While Carlyle supported this plan, it was denounced as "totally inadequate" by the insecured creditors. Yester-day's announcement that an outside buyer was being sought appeared to be a response to the creditors' protests. The Bankruptcy Court's approval would be needed for any financial restructuring or sale of Coleco, in whole or in

### Asko to lift payout on rise

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By Halg Simonian in Frankfurt

GROUP sales at Asko, the ambitious West German retailer, reached DM14.5bn (\$8bn) last year from DM123bn in 1987, and the company plans to raise its dividend to DM15 for each ordinary share from DM10 a share in 1987.

Mr Helmut Wagner, Asko's chief executive, said group profits, which are equity accounted to include a proportion of earnings from Massa, the hypermarket chain in which it owns just under half the shares would rise to the shares, would rise to DM110m-DM115m in 1988 from DM80m in 1987 according to the DVFA formula. The DVFA is the German Financial Analysts Association.

However, even the ebulliant Mr Wagner was on the defensive yesterday after adverse publicity about Asko in the light of the financial scandal at Co op, the German retailer on the verge of bankruptcy.

Mr Wagner was anxious to avoid any comparisons with Co op, despite criticism of Asko's

own complex corporate struc-ture. He claimed Asko's construction had actually saved it from takeover by Co op in the early 1970s, thanks to the 25 per cent of its shares which are held by GBS.

The latter is a 100 per cent subsidiary of Baugru, in which Asko owns virtually all the shares but only has a 49 per cent voting right. Asko's exec-utives stressed the divestment, rather than acquisitive, side of their corporate strategy, which has seen the corporate strategy. has seen the group multiply its turnover via takeovers.

#### **Bridon loses** interest in **Bethlehem**

By Clay Harris

BRIDON, the wire rope manufacturer, has dropped its effort to buy the wire rope divi-sion of Bethlehem Steel after objections by the Federal Trade Commission. The second largest US steel group has now agreed to sell the company to Mr John Sheehan, a Pennysivania businessman.

The UK company said its decision followed "protracted and inconclusive discussions" with the FTC. Mr Dsvid Allday, Bridon managing direc-tor, said yesterday. "We came to the conclusion about four weeks ago that we never stood a chance.

Until then Bridon was prepared to pay \$12m to \$14m for the money-losing Williamsport factory, which is operating on skeleton staff while it runs down its huge stocks. Bridon was concerned about erosion of Bethlehem's market share.

Bridon has a wire and wirerope operation at Wilkes Burre, Pennsylvania, about 50 miles from Williamsport. Bridon is believed to have 15 per cent of the US wire-rope market, compared with 20 per cent for Bethlehem and 38 per cent for the market leader, privately owned Wireco.

The FTC's objections indicated that not only would the Bethlehem link be barred but also that Bridon was unlikely to be allowed to buy either of two smaller US groups which might give it the necessary breadth of product lines.

Briden would have to look to other means to strengthen its US market position.

Bethlehem had warned the FTC it planned to shut the plant if Bridon was not allowed to buy it, and it gave such notice early last month when the FTC's objections became known. At the last minute, however, Mr Sheehan emerged.

### joint venture with Mitsubishi of Japan, in which it owns a substantial minority stake. Petrofina agreement confirmed

By Tim Dickson in Brussels

THE confirmation yesterday that Belgium's two major holding companies have agreed to shuffle stakes in the energy sector — notably in relation to the giant oil concern Petrofina
- focuses new attention on Mr Albert Frère, the 63-year-old head of Groupe Bruxelles Lam-bert (GBL).

Mr Frère was once the

uncrowned king of the Belgian steel sector but since 1982 when be swept to power at GBL, a deal maker with increasingly European and international ambitions, he would appear to have emerged with a strong deck of cards from the latest agreement with GBL's chief domestic rival Societé Générale de Belgique

Under the terms of the deal, for example, he realises a long harboured ambition to play a more central role in Petrotina with the acknowledgement that GBL "aims to own" a direct and indirect stake of 25 per cent (enough crucially for a blocking minority and therefore a strong say in the running of the company), against roughly 20 per cent at the

Mr Frère will also retain a in the leading Belgian energy and telecommunications concern Tractabel

SGB, meanwhile, intends to reinforce its traditional posi-

tion at Tractebel by taking its stake to 39 per cent, but its investment in Petrofina (pre-dominantly Tractebel's 10 per cent stake) falls to just 12.5 per cent, against around 15 per

cent previously.

The means by which this will be achieved were not spelt out in great detail yesterday but there is to be a share swap of roughly similarly valued boldings, including the passing to GBL of SGB's 26 per cent take in Flectrafina (which stake in Electrafina (which owns 5 per cent of Petrofina). Neither side was prepared to reveal their previous stakes in Tractebel.

**Furious battle** 

The background to yesterday's developments is partly what one analyst yesterday described as "Mr Frère's long love affair with Petrofina" – but also important was the furious battle for control of SGB in 1988, which ended with the French investment bank Compagnie Financière de Suez

gaining control.

As a result of this Mr Frère's close relationship with the old SGB management appeared to be breaking down last year as stock market rumours swirled about that GBL and SGB were

each other for Tractebel stock. The negotiations of the last few weeks and yesterday's announcement can be seen as

an effort to end this period of hostilities or, in the somewhat sanitised words of the joint

nies the means they require to develop their respective strate-gies to the great benefit of other shareholders and the

Employees.

For GBL the move is an important step in its aim of increasing its presence in the energy sector, which is second only to financial services in the group's activities.

It is also a welcome distrac-tion from the spotlight which has showe on its 30 per cent-holding in troubled New York investment bank Drexel Burnham Lambert - a connection which, although decreasingly important in its contribution to earnings, has tarnished its image and affected its stock market rating in the past couple of years.

### Euroc sees increase after acquisitions

By Sara Webb in Stockholm

EUROC, the Swedish building materials, engineering and trading group, said yesterday that it expects to see a further increase in profits and sales in 1989 as the effects of recent

acquisitions emerge fully.

The board announced plans to raise the dividend from SKr6.5 to SKr8 per share, following last month's reported 76 per cent jump in profits (after financial items) to SKr821m (\$129.5m) for 1988 which was accompanied by a 40 per cent sales rise to SKr9.498bn. The group is to increase its share capital from SKr582.8m

company interests, and proposes a three-for-one share

sales are expected to reach SKr11bn (since its acquisitions will then have been consolidated for the whole year) while profits should "exceed the 1988 Last year's profit increase

to SKr8/3.9m, after writing up its property and investment full use of capacity, the group The cement and minerals

division increased its profits by 60 per cent to SKr414m while In its final report, released yesterday, Euroc said 1989 orders more than doubled from SKr4.87bn. Euroc's acquisition of Castle Cement helped boost results, though strong demand from the construction market also contributed to the rise. Profits from the building materials division, which sells concrete and plasterboard, increased by 43 per cent to SKr285m, helped by lower production costs. Orders increased by 22 per cent to SKr1.67bn.

was achieved through restructuring measures, strategic acquisitions, strong demand in the building sector, and the

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First Interstate Overseas N.V. **Guaranteed Floating Rate** Subordinated Notes Due 1995

U.S. \$150,000,000

A First Interstate Bancorp

101/4% per arrest Stin March 1986 Stin June 1988 U.S. STILOGO Mos

**IRELAND** US\$500,000,990 Floating Rate Notes Dec September 1998

In accordance with the provisions of the Notes, notice is hereby given that for the six months interest period from 9th March 1989 to 11th September 1989 the Notes will carry an interest rate of 10.13% per annum interest rate of 10.13% per annum interest pay-able on 11th September 1989 will amount to US\$253.38 per US\$10,000 Note and US\$13,084.58 per US\$250,000

Morgan Guaranty Trust Company of New York, London



(Incorporated in the Kingdom of Norwey with limited liability) U.S.\$250,000,000

Floating Rate Subordinated Notes Due 2001 Notice is hereby given that the Rate of Interest has been fixed at 10.1875% and that the interest payable on the relevant Interest Payment Date September 11, 1989 against Coupon No. 6 in respect of US\$10,000 nominal of the Notes will be US\$526.35 and in respect of US\$250,000 nominal of the Notes will be US\$13,158.75. Morch 9, 1989, Landon By: Citibank, N.A. (CSSI Dept.), Agent Bank CITIBANK

Notice of Annual General Meeting of Shareholders

JB∞B LIQUIBAER

Julius Baer U.S. Dollar Fund Limited

NOTICE IS HEREBY GIVEN of the Annual General Meeting to be held at Juffus Beer Bank and Trust Company Ltd., Beatceffeld House, Great Cayman, Cayman Islands, on the Zuth day of Musch, 1989 at 11 a.m. for the following L. To receive and consider and, if thought fit. adopt the accounts presented by the Directors for the year coded 3hs December, 1963 and the reports of the December and Auditors.

2. To pathly the ness of Directors. 3. To appoint Auditors and authorize the Directors to fix the Auditors' regumentation. By order of the Board Lighthee, John Rear U.S. Dollar Paud Limins, P.O. Box 100, Grand Copman, Copman Islands. A shareholder holding registered shares is ex-titled to attent, vote and appear one or more prodes to attend and vote instead of him. A pearly need out be a startholder of the com-

Participating shares are listed on the London Stock Exchange and particulars of the Com-pany are available in the Entel Statistical Ser-

Best, Julius Boer & Co. Lal. Besin Marks Home, Book Micrist Landon ECJA 7NE United Kingdom

itit Bescales Julius Base SA Gest-s joulous de Thilites, 20, See 221, 1213 Geseva 11, Switzerland

respect of bearer shares will be recognized only on presentation at the lensing of the bourer certificate or excludency wideres of the held-ing. Such evidence may be obtained by de-positing the certificate with one of the Agents bird below against withen receipt, which most be produced at the Mooting.

Copies of the Assessed Report including Audi-ted Assessed are available for imposition and There are no service contracts in existence between the Company and any of its Directors and none are proposed.

Bank Juller Boer & Co. Lai. befstrasse 34, PO. Box, 2008 Zanjah

Notice of Annual General Meeting of Shareholders

**DOLLAR-BAER** 

Julius Baer U.S. Dollar Bond Fund Link

1. To receive and consider and, if thought its adopt the accounts presented by the Directors for the year coded Sist December, 1988 and the seports of the

2. To satify the acts of Directors.

By order of the Board Dullar-Beer, Julius Sport U.S. Dollar Board Fund Ltd., P.O. Barr 1200, Grand Caymon, Caymon Isl sholder extitled to attend and vote is entitled to appoint one or more presses
to attend and vets internal of him. A
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Exercise of these rights in respect of
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NOTICE IS HEREBY GIVEN of the Annual General Meeting to be held at John Bear Bank and Rust Company Ltd., Butterfield House, Grand Cayman, Cayman Lisands, on the 28th day of March 1988 at 10 2. m. for the following purposes:

1. To receive and consider and, if the March 1999.

inspection and may be obtained at the registered office of the Company and from the Agents Ested below.

Notice of Annual General Meeting of Shareholders

**D-MARK-BAER** Julius Baer D-Mark Bond Fund Ltd.

3. To appoint Auditors and authorize the Directors to fix the Auditors' By under of the Board D-Mark-Bace, Julius Bace D-Mark Boad Fred Ltd., P.O. Box 1106, Grand Coyman, Coyman Islands.

proxy need not also be a shareholder. Exercise of these rights in respect of bearer shares will be recognized only on presentation at the Meeting of the bearer

NOTICE IS HEREBY CHVEN of the Annual General Meeting to be held at Julius Beer Sunt and Trust Company Ltd., Butterfield House, Grand Coryman, Cayman islands, on the 28th day of March, 1869 et 19.30 a.m. for the following graposes:

Annual General Meeting to be held at boding. Such evidence may be obtained by deposing the certificate with one of two Agents island bedow against written, recally, which must be produced at the Meeting. Any instrument of proxy graposes:

The Meeting of the Meeting of

1. To receive and consider mu, us thought fit, adopt the maximum presented by the Directors for the year ended 31st. Copies of the Annual Report including Audited Accounts are evaluable for inspection and may be obtained at the registered office of the Company and the Annual Report including Annual Report including Audited Accounts are evaluable for inspection and may be obtained at the registered office of the Company and

Socratory and Registrary: Julius Bour Beak and Trust Company Ltd. Besterfield House, E.O.Best 1160 Grand Coymen, Cayman Islando

Such Jaffen Beer & Co. Ltd. Behahafatrasse, 36, 20. Berr, 8829 Zurich Sutzerland Social Benchic Jelles Boer SA Gentre

US. \$100,000,000

**Great Western Financial** Corporation

Floating Rate Notes Due 1995 interest Rate 10.1875% per annum

Interest Period 9th March 1989 9th June 1989 Interest Amount per U.S. \$50,000 Note due 9th June 1989 U.S. \$1,301.74

> Credit Suisse First Boston Limited Agent Bank

U.S. \$500,000,000 CITICORPO

Subordinated Bank Adjustable Note Capital Securities BANCS Notice is hereby given that the Rate of Interest has been fixed at 10.3125% and that the interest poyable on the relevant Interest Payment Date June 9, 1989 against Coupon No. 10 in respect of US\$50,000 nominal of the Notes will be US\$1,317.71. March 9, 1989, London By: Cribank, N.A. (CSSI Dept.), Agent Bank

Copies of the Aurosal Report inchesion Audited Accounts are available for

Security and Registrer: Julius Beer Book and Treat Company Ltd., Butterfield House, P.O. Box 1900 Genel Caymen, Caymen Inhesis Agenter Banis, Julius Baue & Co. Ltd., Bakashofstrasse 36, BO. Bux,

A shareholder entitled to attend and vote is entitled to appoint one or more presses to attend and vote instead of him. A

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### INTERNATIONAL CAPITAL MARKETS

## Mixed reception for Chrysler FRN

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DEALS AIMED at specific pockets of investor demand dominated new issue activity on Eurobond markets yesterday as syndicate managers were reluctant to tap sectors where demand is uncertain.

One deal simed at the general market, a US\$150m five-year floating-rate note issue for Chrysler Financial Corporation, found a mixed reception.

The bonds were priced at par with a yield % point above three-month Libor, and carried an option whereby investors

an option whereby investors can convert the notes into fixed-rate bonds on any coupon date until 1991. The fixed-rate bonds will carry a coupon of 9% per cent and will mature in

A Paribas official said the option allows investors to take a view on US interest rates, benefiting from high short-term rates, but effec-tively hedged against any sig-nificant fall. Some traders said they felt the option was far too expensive to justify buying the bonds and thought cheaper and more natural hedges were available.

The deal, which was unswap-ped, was launched in afternoon trading and the bonds were quoted by the lead manager, Banque Parihas Capital Mar-

BOTTOWER US DOLLARS

IBJ Finance Co.(a)♦
Kyushu Electric Power(a)
Chrysler Fin. Corp.(b)‡♦
Settsu Corp.♥

CANADIAN DOLLARS: Soc. Generale Accept(c)

SWISS FRANCS Mitsubishi Oli Co.(e) 4-45

YEN National Bk of Canada◆

Listed are the latest international bonds for which there is an US BELLAR STRAGERTS | Strage | Strage

Average price change... On day 0 on week +0.5

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ASfings 5 03. 200 4934 934 +0.5 0 5.67

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B.M. W. Fiel Beth. 5 13. 150 497 944 -0.5 -0.5 5.68

B.M. W. Fiel Beth. 5 13. 150 497 944 -0.5 -0.5 5.8

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Credit Lyonous 44 00. 100 1924 924 -0.6 +1.5 5.52

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equivalent to underwriting fees IBJ International was the

lead manager on a \$200m deal for IBJ Finance. The four-year bonds carry a coupon of 10 per cent and were priced at launch at 101.45 per cent to yield 41 basis points over the equivalent US Treasury. The proceeds

### INTERNATIONAL BONDS

were swapped into floating starling to achieve an attrac-tive funding rate. An IBJ official quoted the An IBJ official quoted the bonds at less 1½ bid, well inside underwriting fees of 1% per cent. There was strong Far Eastern demand for the 10 per cent coupon, while the lead manager also reported switching activity out of IBJ 9% per cent 1993 bonds, which were trading at a spread of only 27 basis points over US Treasuries.

suries. A seven-year \$150m issue for Kynshu Electric Power was launched by Daiwa Europe. The bonds came with a 10 per cent coupon and were priced at 101% to yield 52 basis points over the equivalent Treasury. The issua proceeds were swapped into fixed-rate yen. Kyushn is one of nine

**NEW INTERNATIONAL BOND ISSUES** 

1412

154

(g)

Listed are the latest international bonds for which there is an adequate secondary market.

101.45 101.5 100 100

1014

101 %

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101.80

\*APrivate placement. (With equity warrants. (Convertible. ) Final terms. (Floating rate notes. a) non-callable. b) ½ over 5-month Liber. Convertible on any interest payment date until April 100 fined rate bond with coupon of 9½ % due April 1888. c) Redemption in either CS or USS (CS1,000 per USS941.825). d) Redemption in Ecu or USS. e) indicated put option at 108 to yield 2.589%. f) Coupon cut by 5 % from indication. g) Step-up coupon: Short first coupon 5%, 89-91 2%; 91-94 7%.

FT INTERNATIONAL BOND SERVICE

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1994

regional generating companies in Japan and a well-known borrower in domestic markets. Demand from Japan and the Far East was heavy and the bonds were quoted by the lead manager at less 1% bid, well inside fees of 1% per cent. The deal was helped by a timely rally in seven-year US Trea-

Daiwa also brought an equity warrant deal, a \$200m five-year issue for Settsu Corporation which carried an indicated coupon of 5% per cent. Settsu issued a five-year deal last year and repeated the structure to avoid the coincidence of maturities. The new bonds had a slow start, and were trading at the par issue

A Daiwa official said some investors preferred existing Settsu warrants which could be bought at a lower premium than the new paper. Elsewhere, an A\$100m five-

year issua for the Common-wealth Bank of Australia (CBA) was launched by Deut-scha Bank Capital Markets. The bonds carry a coupon of 15% per cent and offered a vield pick-up of some 70 basis points over existing CBA paper. The lead manager said it had

identified specific demand for

15g/13g IBJ Int. 15g/14 Dalwa Europe 25/10bp Banque Paribes Cap.Mids 24/12 Dalwa Europe

2/14 Deutsche Bank Cap. Mids

7/2 Societe Generale

Credit Sulses

13/13 Yamsichi int. (Europe)

1/% CSFB

| Adequate secondary market | Closing prices on Marca & Closing prices

| Participle RATE | Participle

\* No luintestion auditable-previous day's prior

t Daty one market maker supplied a price

Straight Bonds: The yield is the yield to redumption of the mid-price; the amount bound is in millions of corrency units except for Yes bonds where it is in billions. Change on work — Change over price a week surfler.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dite—Data next coupon becomes effective. Spread—Marylin above six-month offered rate technomount; Sabove mean rate) for US dollars. C.cpn—The current coupon.

coupes.

coupes.

contrible Boads: Denominated in dollars unless otherwise Indicated.

Chy. day - Change on day. Cov date - First date of conversion into shares. Cav., price - Nominal amount of bond per share expressed reservency of share at conversion rate fixed at issue. Prem - Percentage premium of the currenteffective price of augusting shares via the bond over the most recent price of the shares.

or in part in any form not permitted without written consent.

longer-dated Australian dollar paper from German and some Swiss institutions which wanted to lock away a high yield. The bonds traded within fees at less 1.90 bid, before clos-ing on fees at less 2 bid. In Germany yesterday, sec-

ondary market prices fell across the board. Supranadown by around ¼ point in daal for Hydro Quebec launched by Westdeutsche Landesbank late on Tuesday was trading just outside fees at less 2% bid.

Although there was steady demand for the Hydro bonds, which were described as fairly priced, traders commented that tha issue'a performance was depressed by a feeling that there was more paper in the market than there was inves-

Tuesday's DM100m issue for Belersdorf, the pharmaceutical company which makes Nivea products, continued its strong performance, quoted in grey market trading at less 0.80 bid, well inside underwriting fees of 2% per cent.

In Switzerland, Crédit Suisse was the lead manager of the first zero-coupon deal to be launched since mid-1988, a SFr300m five-year deal for Mitsubishi Oil.

The bonds carry a generous

investor put option at 108 against a par issue price, and this feature encouraged strong demand. The bonds were trad-ing at less 1 bid, well inside fees of 1% per cent.

According to syndicate offi-cials, the Intar-American Development Bank is expected imminently to launch a public bond issue. The bank would be the first triple-A rated public offering since the Swiss market deteriorated earlier this year.

### Citicorp postpones \$500m offer

CITICORP, the US bank, has postponed a novel \$500m offering of credit-card securities because of changing conditions in the options market and a shift in the Treasury yield curve, AP-DJ reports from New York.

Citicorp had planned to sell the deal, with a new feature allowing it to reset the rate in two years, through an under-writing group led by Selomon

However, according to Mr Jerry Wigdortz, managing director and head of the strucmon, in the few weeks since the deal was conceived the options market and yield curve turned unfavorable.

"We would have had a transaction if the shape of the curve hadn't changed," Mr Wigdortz said. "It didn't seem right to proceed with the deal. We wouldn't want to force it on

the market." Mr Wigdortz would not be specific about actual developments in the bond and options markets, but said the deal worked better when the twoyear note was at a higher yield two weeks ago and when it was trading at a wider spread above other intermediate Treasury debt.

### **Bankers Trust** buys seat on NZ exchange

BANKERS TRUST, the US banking group, has bought a seat on the New Zealand Futures Exchanga, AP-DJ reports from Wellington. The price was not disclosed,

The price was not disclosed, but the exchange said it reflected sums paid previously for seats, which have ranged between NZ\$200,000 and NZ\$300,000 (US\$185,180).

Bankers Trust is already an affiliate mambar of the exchange. Trading members hold shares in the exchange and have direct access to its

and have direct access to its automated trading system, while affiliated members are not shareholders and carry out transactions through trading

is subject to approval from the exchange's directors and trad-ing members.

THE AUTOMATIC **IDENTIFICATION** 

For a full editorial synopsis and dvertisement details, please contac

or write to him at:

Bracken House 10 Cannon Street London

**FINANCIAL TIMES** 

## FINANCIAL TIMES CONFERENCES

# RETAILING

## IN THE 90s -The Role of Technology

London, 20 & 21 March 1989

Retailing in the 90s and the growing importance of new powerful technologies and innovation for retailers will be the subject of the Financial Times' latest conference on the

The retail sector has enjoyed a boom in recent years but changes in the industry and a moderation in the rate of growth in consumer expenditure indicate that times are getting tougher. Innovations abound in retail technology and, with increasing competition and cost pressures, technology is increasingly playing a crucial role in assisting retail management to know more about their customers and what they want to buy and in providing more efficient communication with warehouses and with suppliers.

Speakers who will be taking part in this timely conference include:

Mr James Gulliver Lowndes Queensway PLC

Mr John Berry The Boots Company PLC

Ms Sophie Mirman Sock Shop International Pic

Mr Feibx Barber The Boston Consulting **Group Urnited** 

Mr John Leighfield ISTEL Limited

Retailing

in the 90s

☐ Please send me further details

Mr Richard Allen EftPos UK Limited

Mr Len Fletcher NCR Limited

Mr lan Simons MPSI Systems Limited

Mr Richard Weir The Retail Consortium

Mr John Thompson Index Group

Mr Desmond Pitcher Mr Colin Gunner

The Littlewoods Organisation PLC Honeywell Bull Limited

Complete and return to: The Financial Times Conference Organisation,

Mr Jeremy Soper

Mr Robert Bramley

Mr Gareth Williams

Allied Breweries Limited

Marks and Spencer pic

Mr Paul Fuller

Consultants

**Touche Ross Management** 

W H Smith Limited

# 126 Jermyn Street LONDON SWIY 4LLL

Type of Business

- The Role of Technology

FINANCIAL TIMES

Tel: 01-925 2323, The 27347 FTCONF G, Fax: 01-925 2125 Company Address

### COMPANY NOTICES

NOTICE TO HOLDERS OF WARRANTS

DAUCHI SEIYAKU CO., LTD.

U.S.\$150,000,000 4% per cent. Bonds due 1993 with Warrants

Pursuant to Clauses 3 and 4 of the Instrument, dated 2nd March, 1988, the following notice shall be given:

At the meeting of the Board of Directors of Danichi Sciyaku Co., Ltd. (the "Company") held on 28th February, 1989, a resolution was adopted for the issue of new shares by way of free distribution, the particulars of which are given below. Consequently, the Subscription Price of the captioned Warrants (the "Warrants") shall be adjusted, as precifically provided in pracess 3.2 below.

specifically provided in paragraph 3 below. 1. The free distribution of new shares will be made to shareholders of record as of 31st March, 1989, Tokyo time, at a ratio of 0.10 shares for each one share held.

2. The free distribution shall be made on 15th May, 1989, but the dividends for these new shares will accrue as from 1st April, 1989, Tokyo time.

3. Pursuant to Clause 3 (i) of the Instrument, the Subscription Price will be adjusted from Yen 3,192.40 to Yen 2,902.20 per share of the Common Stock of the Company effective as from 1st April, 1989, inclusive.

The Mitsubishi Bank, Limited As Principal Paying Agent on Behalf of: DAIKCHI SEIYAKU CO., LTD.

PUBLIC NOTICES

KAWASAKI STEEL CORP. Jepenese Van 10,000,000,000 Reverse Floating Rate/Fixed

in accordance with the terms and m accordance with the terms and conditions of the Notes, we hereby give notice that the Ven Liber for the period from 9th March 1989 to 11th September 1989 was fitted at 4.890635; giving the Interest Rate Factor of 8.6088564/360. On 11th September 1989 interest of Yen 23.913 will be the next March 1000

9th March, 1989

due per Yen 1,000,000. The Talyo Kobe Bank Limited Agent Bank Dated: 9th Merch 1989

members. Bankers Trust's membership

DE PARIS
Floating rate note issue
of USD 400 million September 1983/91 The rate of interest applica-ble for the period beginning 6th March 1989 and set by the reference agent is 1011%

**LEGAL NOTICES** 

annualiv.

BANQUE NATIONALE

EXCEL BUSINESS SYSTEMS LHATED

Registerred number: 1890518 Nature of business: Developing and Market-ing Computer Software Systems Trade classification: S Outs of appointment of joint administrative

friditive isceleurs: National WestminsterBank Pic. CHRISTOPHER JOHN HUGHES and JOHN MICHAEL THOMPSON Joint Administrative Receivers (Office holder nos 141 and 211) of Cork Gully, Shelley House, 3 Nobie Street, London EC2Y 7DO

LONDON BOROUGH OF BARNET
EDUCATION COMMITTEE
APPOINTMENT OF
CO-OPTED MEMBERS

The Education Committee of the Council of the London Borough of Bernet in the stunidized year 1909/90 will consist of 25 members of the Council together with 10 co-opted members.

The Council, at the Annual Meeting, will also be considering the appointment of parsons to surve as co-opted members of this Sub-Committee for the

Nominations in respect of both the Education Committee and the Youth and Community Services Bub-Committee about the eart to reach me at the Town Neil, Hendon, NW4 48G as soon as possible and in any syout not later than MONDAY, 20TH APRE, 2059.

**CLUBS** 

EVENus cuttived the others because of a policy on lair play and value for money. Supper from 10-3.30 am. Disco and top municians, glamorous hocksees, eucling floorshows.01-734 0657. 199, Regent

### CONTRACTS & TENDERS

### REPUBLIC OF THE IVORY COAST

Tender No. 2935/DMP

1. The National Telecommunications Office of the Ivory Coast has obtained a loan from the IBRD, in various currencies, to finance the cost of the project concerning the refurbishing of the equipment and the strengthening of the maintenance of services.

It is planned that a portion of the funds granted for this loan will be used to carry out payment for a project covering the modernisation and extension of the urban telephone network of Northern ABIDJAN.

2. The National Telecommunications Office invites, with this Tender, those candidates who are allowed to take part to present their bids under sealed envelope for the modernisation and extension of the urban telephone network of Northern ABIDJAN.

3. The candidates who are allowed to bid can obtain further information and examine the Tenders files in the Office of the Chef de Services des Marchés, located on the 12th floor of POSTEL 2001, door 12-07. Phone: 34.67.61 or 34.67.63 - Telex No. 23790 or 23750, ABIDJAN.

4. Any candidate who is allowed to bid and who is interested in the present Tender can buy a complete set of Tender documents, by writing to the above-mentioned Department, or after consulting the Charge Books, for a payment of around 400,000 CFA francs, which will not be paid back (by certified cheque or postal money transfer).

5. Each bid must be accompanied by a deposit on tender of 1.5% of the total amount of the bid. This deposit must be put forward at the same time as the Bids to the Services des Marchés, Immeuble POSTEL, 2001, door 12-07, ABIDJAN-CI at the latest on the 18th of April 1989 11.00 a.m. imperatively.

6. The files will be opened in the presence of the bidding representatives who wish to be present at the opening on the 18th April 1989 at 3.00 pm at La Rotonde de la Cité Financière, in ABIDJAN-PLATEAU.

The Carte Carte

## US Treasuries lethargic in absence of economic news

By Karen Zagor in New York and Katharine Campbell in London

LETHARGY continued to West German trade surpluses, dominate the US debt market yesterday in the absence of significant economic news to guide investors and traders.

US Treasury bonds drifted in mixed early trading and were quoted as much as 1 of a point lower before rallying some-what in the early afternoon. At

### GOVERNMENT BONDS

midsession, the Treasury'e benchmark 30-year long bond was up & point at 97%, yielding

The Fed funds rate slipped during the morning to 9% per cent for technical reasons — the market did not believe it indicated any loosening of pol-icy by the central bank. The Fed conducted overnight matched sales in order to firm

When the bank entered the market, funds were trading at 9% per cent. Economists at Griggs & Santow attributed the soft rate to the strike at Eastern Air Lines, stormy weather on the East Coast and the fact that this period tends to be relatively comfortable, with a good distribution of

In the New York foreign exchange market, the dollar started the day on a soft note

However, an announcement by Mr Robert Heller, a Federal Reserve Board governor, stat-ing that global trade imbal-ances could not be adjusted without reducing Japanese and

FT-SE 108 SHADE THREES

caused the dollar to firm. At mid-session, the dollar traded at Y128.70 from an over-night high in Tokyo of Y128.88 and DML8592 from a morning

high in Europe of 1.8595.
The Fed's desire to reduce inflation received support in Congress from Mr Michael Boskin, chairman of President Bush's Council of Economic Mr Boskin also told Congress

that he believed agreement on a credible deficit reduction package would lead to e sub-stantial reduction in interest

SHORT covering in Tokyo was the order of the day after some 10 days of consecutive declines. The 10-year June futures contract finished at 103.87, after 103.48 on Tuesday, but dealers did not believe this signalled a fundamental reversal of recent trends. Opinions are divided as to whether the Bank of Japan will raise the discount rate before the end of the fiscal year, but Tueday's lower repur-chase rate in Germany helped dispel gloom on that front, at least for a while.

LEADING European markets, together with central monetary anthorities, are playing a waiting gam

A generally unexpected his-tus in interest rate hikes, par-ticularly by the Germans, has left investors guessing as to the timing of the next move

108-18 -7/32 10.54 10.81 10.30 98-30 -6/32 9.93 10.14 9.72 98-19 -7/32 9.05 9.12 8.95

Technical DetailATLAS Price Sources

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

96,6356 +0.243 5.14 106,6395 -0.102 5.00

6.375 11/98 96.2000 -0.100 6.94 6.99 6.82

BENCHMARK GOVERNMENT BONDS

NETHERLANDS 6,7500 10/98 98,1750 - 7,09 7,25 6,95

and are consequently upprepared to commit funds in such a climate. Most markets were correspondingly dull

The UK government bond The UK government bond merket closed almost unchanged on the day, with the long gilt future on Liffle at 98.10, just 1/2 of a point stronger than the previous close.

The fall in prices on Tuesday afternoon had led to a ½ point correction at the opening, but prices drifted back over the day. With no important domes.

day. With no important domestic economic indicators due for release this week, most dealers are waiting for the US employ-ment report on Friday.

IN GERMANY, the Bundes-bank's allocation of DM15.5hn of funds under repurchase agreements caused prices to tick up briefly in the morning, but they soon drifted back

down during the day.

The allocation, which represented a DM800m draining from the market, was in line with or even slightly better than traders' expectations. However, by the regular morning fixings the market lacked any support so that bends were pegged up to 60 piennigs lower

The recent 6% per cent 10-year bond was fixed 15 pfen-nigs lower, so that paper now yields 6.88 per cent. Stocks maturing in 1997 were pegged between 45 and 50 prennigs lower, to yield 6.92 or 6.93 per

On Liffe, the June future ended at 93.37, compared with 93.42 the previous day.

### JP Morgan to sell Chile units By Stephen Fidler

J.P. MORGAN, the New York bank holding company, said yesterday it had agreed to sell its Chilean subsidiaries to Nederlansche Middenstandsbank, the Dutch bank.

The sale, terms of which were not disclosed, includes Morgan's commercial bank operations, its Santiago-based ecurities dealer and its financial services company. It is to concentrate resources in lead-

### Japan sees early launch of repo market

JAPAN WILL launch a bond borrowing/repurchase market as early as April to allow more foreigners access to the yen bond market, Reuter reports from Tokyo. The Finance Ministry prom-

ised last September it would create the market and allow short-selling on a settlement date basis as well as introduce, from April, an auction system to the primary government bond market.

Mr Taisuo Tajima, president of Japan Securities Finance (JSF), said: "We would like to design the market to make it convenient for both foreign and domestic participants."

The market would allow both direct dealing and matching of orders by JSF, the min-

JSF is expected to offer its ecreen display, fecsimile machines and telephones to provide borrowing rate quotations to which participants dealing directly would be able All financial institutions.

including banks, brokerages and insurers, are expected to be participants. Securities houses will be able to act as lenders, allowing them matched books - trading accounts that borrow securi-ties at one rate and lend them at another, earning the difference between the rates. Borrowing/lending periods

lending fees and accounting standards have yet to be set. The ministry expects transactions to be permitted without collateral if the creditworthiness of both sides is high. ness of both sides is high.

JSF is considering asking for collateral worth 105 per cent of the face value of borrowed bonds. Lenders who receive such collateral in cash will have to pay interest on the money.

Ranks are empaced to allow

Banks are opposed to allow-ing securities houses to be hond lenders as any receipt of cash as collateral on which interest is paid would infringe on the banks' husiness of

deposit-taking. However, the ministry said paying interest on collateral

In future, we'd like to see the market covering all straight honds traded by dealers, but it will start with gov-ernment bonds," it said.

z/i

# Insider scandal triggers reform

Paul Betts on the French stock market watchdog's sharper teeth

he Pechiney insider trading scandal, more than any other factor, has been responsible for the toughness of the reforms of the Boorse (COB), the French stock market watchdog, which were adopted by the Socialist Government yesterday.

The scandal erupted in

November after the acquisition by the French nationalised aluminium group of American National Can Investigations by the US Securities and Exchange Commission (SEC) unearthed evidence of insider trading by French investors,

among others.
Following subsequent judicial inquiries, five of these French investors were charged French investors were charged with insider trading offences, including Mr Roger-Patrice Pelat, a close and long-standing friend of President Francois Mitterrand. Mr Pelat, who was 70, died of a heart attack in the American Hospital of

This is not the first French stock market reform triggered stock market resorm triggered by a Pechiney scandal. Twenty years ago, the aluminum group was caught up in the middle of another insider trad-ing affair during its merger with the Ugine Ruhlmann chemical and steel group. This led directly to the creation of the COR.

One leading French banker with experience of that period now draws comfort from this pattern of events.
"It's through such affairs

that a market like ours grows up," he said.

The bill approved by the French cabinet yesterday has considerably strengthened the disciplinary powers of the COB



Jacques Chirac: introduced privatisation programme

by enabling it to conduct searches, enforce financial senctions, block bank accounts and confiscate company assets. Some French financial market commentators suggested yesterday that the COB would ultimately have even greater powers than the American SEC after the new bill passes through the National Assembly in the spring session of par-

The Government also approved yesterday a series of related measures to bring French takeover regulations more in line with UK and US practices, making it much more difficult to launch partial takeover bids in France. Investors or groups of investors will now have to launch a full bid once they have accumulated more than one third of the voting rights in a company. The combination of a munic ipal election campaign, a series of business scandals implicat-ing the political establishment, and a wave of controversial



Pierre Berégovoy: cor

takeover battles all contributed to the latest reform of the COB and the country's takeover reg-

nistions.
But the toughness of the new measures has surprised even some of the most ardent campaigners for stricter French stock market rules. Mr Louis le Pensec, the official government spokesman, said yesterday the principal aim of the new bill "was to make sure that the bourse did not become a jungle where the small investor is at the mercy of the big operators." He was echoing Mr Mitterrand's recent tirade on French television against stock market specula-

Mr Le Pensec added that the latest measures were com-pletely in line with the general reform of the French financial markets launched by Mr Pierre Bérégovoy, the Socialist Finance Minister, back in 1983. Indeed, it was Mr Bérégovoy who started the process of financial deregulation to mod-

turn Paris into a more competi-tive international financial

between 1986 and 1988 by a sweeping privatisation programme under the right-wing Government of Mr Jacques

Chirac.
But although the Socialists
froze the privatisation programme when they returned to
power last summer, Mr Beregovoy has remained committed to an ongoing process of financial liberalisation in

France. However, the liberalisation of the bourse exposed in broad daylight the weakness of the supervisory controls of the

supervisory controls of the French market.

Even before the insider trading scandals erupted last autumn, the deficiencies of the market's regulatory system had become increasingly obvious and it was clear regulations had not kept pace with the rapid evolution of the financial markets.

A big jolt came after the stock market crash of October. 1987. The weaknesses and growth pains of the system were eloquently exposed when

were eloquently exposed when it was revealed that the French stock exchange was hit with FFri.3hm (\$200m) in losses on the new French intures mar-ket.

But the financial scandals of But the financial scandals of the last few months, and their growing political impact on French public opinion, made reform all the more pressing. In large measure this explains why the hawks in the Finance Ministry finally pre-valled in pushing through a much tougher reform than expected.

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## Elders wins New Zealand bank licence

By Gordon Cramb

ELDERS IXL, the Australian hrewing and investment group, has gained a banking licence in New Zealand, achieving an ambition there which it has been denied in its home mar-

The New Zealand Reserve Bank said yesterday that Elders Merchant Finance, a wholly owned subsidiary of Elders Finance Group, had been made a registered bank. This brings to 17 the number of players in New Zealand'a

THE SECOND

525 27 43 III2 172 27 27 E86

recently deregulated banking

sector, Elders Finance, itself a fully owned Kiders unit, is Australia's largest non-bank financial institution, and has strong links to the rural sector. However, because of regula-tory complications, the Austra-

lian Reserve Bank opposes the extension of hanking licences to offshoots of industrial In New Zealand, Elders has a foreign exchange and fund

last year moved to expend its client base through the acquisi-tion of Francis Allison Symes, a stockbroking house.

Elders Merchant Finance contributed A\$10.7m (US\$8.7m) to group net profits in the year It is to change its name to

management operation and

Elderbank - a name the group had planned to use for Elders Finance worldwide if it was granted bank status.

director of the Wellington unit. suggested yesterday, however, that the approval of a New Zealand banking licence pro-vided largely local opportuni-

He said the unit would build its future base by marketing its existing core activities of foreign exchange, Elderbank — a name the group had planned to use for Elders imances, corporate finance and stockhroking to a wider cross-section of clients in New Zealand."

### LONDON MARKET STATISTICS

### RISES AND FALLS YESTERDAY FT-ACTUARIES SHARE INDICES

	EQUITY GROUPS		Wedae	sday N	larch 8	3 1989		Tue Mar 7	Mos Mar 6	FH Mar	Year ago lapprox
Fh	SUB-SECTIONS  pures in parentheses show number of stocks per section	index No.	Day's Change	Est Earnings Yield'% (Max.)	Gross Div. Yield% (Act at (25%)	Est. P/E Ratio (Net)	nd adj. 1989 to date	Index No.	index No.	Index No.	Index No.
1	CAPITAL G000S (207)		+0.4	9.76		12.31	1.53	948.44	947.73	939.34	
2	Buliding Materials (28)	1206.95	+8.6	10.55	5.79	11.66	0.45	1200.24 1755.95			1932.1 1567.8
3	Contracting, Construction (38)	11/20/32	+0.8	11.47	3.52 4.23	11.36	2.89 0.75				
- 2	Electricals (10) Electronics (30)	2720 56	+8.3	8.87	313	14.62	7.98			2118.82	
2	Mechanical Engineering (55)	577 88	+0.1	9.31	3.71	13.07	0.53				
	Metals and Metal Forming (7)	530 07	+0.7	24.22	5.46	7.95	0.00	539.29		534.44	
9	Motors (17)	320.69	+0.4	11.09	4.50	10.53	8.00		329.96		273.6
	Other Industrial Materials (22)	1544.78	-4.3	8.81	4.43	13.47	3.87				1284.7
-	THE PROPERTY OF THE PARTY OF TH	A		0.78		14.29	3.19			1178.37	1877.4
22	Brewers and Oistillers (22) Frood Manufacturing (20) Food Retailing (15) Health and Household (13) Leisure (33)	1333.70	+0.2	9.36	3.33	13.50	5.20	1330.52	1321.03	1314.18	1958.0
25	Food Manufacturing (20)	1046.83	+0.7	3.36	3.81	14.12	2.21	1839.64	1836.56	1028.61	855.1
26	Food Retailing (15)	2008.11	+0.6	9.83	3.50	14.57	8.37	1996.64			2158.4
27	Health and Household (13)	2134.05	-14	6.37	2.58	17.97	9.48				1912.3
29	Letsure (33)	1632.37	+0.3	7.38		17.10	12,13			1612.64	
31	Packaging & Paper (17) Publishing & Printing (18)	605.60	+4.5	9.15	3.79	13.59	1.53			598.17	514.6
32	Publishing & Printing (18)	3753.76	+0.1	8.43		14.86	3.38			3721.97	
34	Stores (33)	765.29	-0,1	11.10	4.53	11.85	1.64	766.44			837.8
35	Textiles (15)	516.34	-0.7	13.39		8.96	0.25	529.13			574.2
40	OTHER GROUPS (94)	.1077.27	18.4	9.85		12.40	0.97			1844.41	894.9 1168.2
41	Agencies (18)	.1335.45	-0.1	8.24		15.33	5,48			1307.91	
42	Chemicals (22)	1200.00	+0.2	11.05		18.87	0.37 4.27		1496.83	1199.06	
43	Conglomerates (11)	1304.23	-0.2	2.06	3.51	16.13	0.00				1911.1
47	Conglomerates (11) Shipping and Transport (13) Telephone Networks (2)	1747 84	+1.3	10.23	4.09	12.71	0.00			1124.76	
48	Miscellaneous (28)	h 475.26	10.5	9.41	3.69	11.84	0.68		1462.31		
	INDUSTRIAL GROUP (487)		+0.2	9.41	3.79	13.13		1113.20			
53	Oil & Gas (13)	7961 10	-8.6	9.28	5.49	13.80		1972.55			
	500 SHARE INDEX (500)	1187.61	+0.1	9.39	4.04	13.22	3.82		1180.53		1825.6
_37	FINANCIAL GROUP (126)	763 48		737	4.93		4.74				
OT	Banks (8)	744.86	+8.4	22.75			13.06			737.87	667.2
45	lasurance (Life) (8)	74	+0.3		5.11	} = 337	0.00			1851.12	
2	Insurance (Composite) (7)	403.78	+83	_ '	5.30	_ 1	8.00	503.70		681.65	
67	Insurance (Renkers) (7)	1818.27		8.60		14.53	0.62			1114.63	
68	Insurance (Brokers) (7) Merchant Banks (111	348.55	+0.1	-	4.30	-	0.83	343.26	346.40		361.2
40	Property (53)	11323.34	1 48.3	5.39	2.55	23.54	1.15			1514.88	10724
70.	Other Financial (32)	.) 383.34	+8.1	9,39	5.30	13.38	1.92	382,88	378.81	378.15	357.9
71	Investment Trusts (73)	1202.23	+8.2	-	2.82		3.37	1899.57	1988.61	1465.15	892.11
81	Mining Finance (2)	682.63	-0.1	8.49		13.01	2.50				449.3
91	Mining Finance (2) Overseas Traders (8)	11409.87	+8.4	8,40	4.74	13.91	15.65	1484.57	1412.94	1420.52	1858.4
99	ALL-SHARE INDEX (709)	1682.19	+0.1	-	4.15	-	4.07	1955.87	1975.47	1869.25	932.2
_		Index	Day's	Day's	Đạy's	War	Mar	Mar	Mar	- Rz	Year
'		No.	Change	High (a)	Low (b)	7	6	3	2	1	990
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	FIXED INTEREST							Average gross Redemption yields	Wed Mar 8	Tue Mar 7	Year ago (approx.
	PRICE INDICES	Wed Mar a	Day's change %	Tue Mar 7	xd adj. today	nd adj. 1989 to date	1	British Government Low 5 years Company 15 years	9.14 8.94 8.82	9.12 8.93 8.83	8.70 8.98
3	5-15 years Over 15 years Irredeemables		+0.02	135.93 148.52 176.72	-	2.40 2.32 3.21 1.51	456789	Meditora 25 years. Coupons 15 years. 25 years. High 5 years. Coupons 15 years. 27 years. 28 years. 29 years.	10.31 9.39 8.97 10.44 9.62 9.17 8.70	18.30 9.39 8.97 18.43 9.62 9.17 8.70	9.15 9.17 9.86 9.25 9.32 9.10
6 7	Index-Linked 5 years Over 5 years	132.51 134.33	+0.39	133.23 132.50 133.81 133.63	=	1.36 8.72 8.74	11 12 13	Index-United 5% 5yrs. Inflation rate 5% Gver 5 yrs. Inflation rate 10% 5yrs. Inflation rate 10% Over 5 yrs.	3.32 3.45 2.46 3.29	3.91 3.48 2,45 3.31	3.85 1.38
9	Delenbres & Louis Preference	218.24	+0.11		<del> </del>	1.90	15 16 17	Delis & 5 years		11.98 11.32 19.73	19.59 10.59

Corporations, Dominion and Foreign Bonds	469 174 23 155 55	337 121 29 29 30 79	773 372 46 101 110
Totals	804	659	1,472
LONDON RECENT	ISSU	JE\$	
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	FIXED INTEREST STOCKS							
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-		Date	High	Low		£	-	
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TRADITIONAL OPTIONS						
First Dealings	Mar 6	Platignum, Charlerhall, Willi				
<ul> <li>Last Dealings</li> </ul>	Mar 31	(J), Blacks Leis, Baynes C				
<ul> <li>Last Declarations</li> </ul>	Jun 15	Cray Elect, Astra Hidge Clo				
<ul> <li>For settlement</li> </ul>	Jun 26	Pentiand, Ladbroke, Moni Res. Ametred, Copens, B				
For rate indications a London Share Service- Calls in Chrystals, No.		Ming, Discons, Storefreuse, G mass, Boustead, Puts; Eagle 1 Blacks Leis, Clogar.				

### LONDON TRADED OPTIONS

BRITISH PETROLEUM led the field by many a length in the traded options market yesterday, against the background of recently firm oil price, and in spite of yesterday'e crude oil

Total dealings in the stock came to 5,917 contracts, with

1,329 contracts to 23,148. In the puts it gained 315 contracts to 27,005. The day's dealings were shared between 3,460 calls and 2,457 puts. The underlying share price showed a background fall of

counted, possibly because of the approach of the UK Budget next Tuesday, and the general stabilis-ation of exchange rates and interindex trading was a shadow of its recent self — total trading in it coming to 3,362 contracts, consisting of 1,614 calls and 1,748 est rates that has come with the Chancellor of the Exchequer's puts, with the index itself gaining 0.2 point on the day to 2.083.3

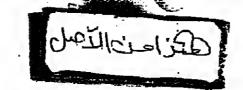
These include a leaning These include a leaning towards no rise in bank base rates. The Bundesbank move to control a worldwide upward swing in interest rates — with its fixed rate securities purchase, agreement of Tuesday, at a level below the Lombard rate (the rate of the transport of the state of th at which it makes loans against collateral) has also contributed, ...

Overall options deatings vesterday were of small size by any recent standards - coming to 28,024 contracts, made up of

Her Jan Sep Her Jan Sep 140 14 24 30 35 7 10 140 35 13 10 13 16 20 150 1 52 10 31 32 32

Lonrho attracted attention, ageinst the background of the news that the Bond stake was up for sale. Option dealings in it amounted to 2,908 contracts, comprising 2,127 calls and 781 puts. The March 330 calls, with 510 contracts, and the March 360s, with 705, found a good deal of the day's business.

Other stocks to find options interest included Trusthouse Forts and Allied Lyons — on the back of the news of the Bond offer



## **Finance Director** Designate

Chelmsford

c £30,000 + bonus, car etc Air poliution, contaminated food, waste management - these and other environmental issues are becoming an increasingly important

Our client is a leading specialist in the preventive field, providing consultancy and laboratory services covering the major aspects of the management of the environment. Turnover is approaching 21 million, with considerable potential for rapid growth. They have now decided to create the new position of Finance They have now decided to create the new position of Finance Director Designate to be responsible for all financial, administrative and company secretarial aspects of the business. There is considerable scope for innovation, developing management information and costing systems, introducing in-house computerisation and installing tight financial controls. You will also work closely with the Managing Director or commercial matters and assist him in developing the business to its full potential. Applicants must be Qualified Accountants with several years broad-based experience including budgetary control and tight cash management in a computer-based environment. Keen commercial awareness and strong managerial skills are essential. Age is not important.

An attractive remuneration package is offered. Confirmation of a Board appointment is envisaged within six months, with long-term prospects of being appointed Managing Director with equity participation.

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### Key role for a seasoned professional

 $c \pm 32K + car + bonus$ 

West of London

With an impressive record of expansion in recent years both organically and by acquisition, our client, a successful medium sized industrial plc (turnover £17 million), has an enviable reputation for process innovation and quality.

This rapid growth has created the need for a Group Financial Controller to take responsibility for developing computerised financial systems, reporting consolidated results, budgeting and internal audit. Reporting to the Board through the Financial Director, this is a key role to ensure the Group becomes financial systems

**M5L** International

led, providing a framework for continued expansion.

A qualified Accountant, with a mature profile and experience of large company disciplines and procedures, you are currently looking for the opportunity to apply your skills to a smaller but rapidly expanding Group, where your achievements will have a significant impact.

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## FINANCE DIRECTOR

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THIS LEADING BRITISH COMPANY. with a turnover approaching £20 million, is involved in the engineering and manufacture of computer-based and other systems for industrial applications. It is a direct subsidiary of a UK-based organisation which is itself part of a major European group. Responsible to the Managi Director for managing the total

finance and systems functions and some 20 people, your key tasks are \* to be involved with critical issues and potential contracts at an early stage; \* to improve the accuracy and timeliness of routine and projectspecific reports; and \* to build a positive working relationship with the sales, manufacturing and contracts management functions. This demanding and critical role

provides the opportunity to make a significant impact on a developing husiness where the inherent challenges of technology-based engineering are overlaid with those of international contracting.

It will appeal to a qualified accountant, ideally aged 30-40, whose relevant background in a manufacturing/engineering environ ment includes good IT experience. A strong business awareness and personality, and well-developed communication skills are

Please send full cv which will be forwarded to our client unopened. Address to our Security Manager if listing companies to which it should not be sent. Ref: R2325/FT, PA Consulting Group, Advertising and Communications, Hyde Park House, 60a Knightsbridge, London SW1X 7LE.



## **Head of Finance** and Administration

offices throughout the world. The long established Isle of Man office is the local market leader in terms of size and range of services, and is about to enter a new exciting phase of development.

a Head of Finance and Administration who will be responsible for the finance function, reporting to the Managing Partner. The appointee will play an important role in the implementation of the strategic plan and be expected to make a major contribution to profitability and efficiency.

gained relevant experience within an industrial or commercial environment. However, of greater importance will be a confident, outgoing personality, strong interpersonal skills and commercial flair. The attractive salary package reflects the importance placed

The Isle of Man economy is booming, with well founded growth in all sectors, particularly financial services. It offers a very pleasant living and working environment. low direct taxes, good communications, high quality public services and an attractive range of housing.



Please write enclosing a c.v. to Brian Marren, Douglas Llambias Associates, Brook House, 77 Fountain Street, Manchester M2 2KE or telephone him on o6x-236 x553.

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Rapid Expansion Engineerina Company North London, Up To £25,000, Car

Denham, Bucks

approaching £10M pa.

Bartow Fastener Centres Ltd distributes a wide range

of standard and special industrial fasteners from 8 centres

To join its top management team the company needs a

to an impressive range of customers. Turnover is

qualified accountant with 5+ years' commercial

justify an early appointment to the board.

3i Consultants Ltd

**Human Resources** 

experience. Ideally, you will have worked in a multilocation trading and distribution or retail environment;

and you will have the vision and personal qualities to

A division of a major Japanese multinational, this UK subsidiary is engaged in the sale of high quality precision engineered components with a turnover of £20 million. The organisation has achieved accelerative growth in the UK during the last decade, and a strengthening of the central finance team is now required. This new position reports directly to the senior finance executive within the UK and the role embraces the preparation and submission of budgets, financial reports and management accounting statements, with additional responsibility for working capital control and treasury management. You will also supervise a small, dedicated, experienced team and input axtensively on commercial issues such as pricing strategy and sales performance analysis. Candidates, qualified accountants, must demonstrate an industrially based finance background incorporating management experience and exposure to computerised

Male or female candidates should submit Male or temale candidates should studing in confidence a comprehensive c.v. or telephone for a Personal History Form to, K.H. Thompson, Heggett Bowers plc, George V Place, 4 Themes Avenue, WINDSOR, SL4 1QP, 8753-850851, Fax: 8753-853339, quoting Ref. N13084/FT.

£30-35K + car

The package includes a

salary of £30-35K, an

relocation, if required.

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SLA 1LD quoting ref: TF/838.

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**EXPERIENCE** 

executive car and

or write in confidence to to Peter P Testie Finn,

3 Consultants Ltd. 8 High Street, Winds

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FINANCE DIRECTOR

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Director Designate M25/Essex

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managing director and have full responsibility for the financial and secretarial functions. The initial focus will be on reviewing and overhauling the accounting function and systems. The requirement is for a qualified

accountant, aged over 25, who can demonstrate good commercial acumen, vision and flair and the capability of This is an opportunity to play a proactive part in the future growth of the company and the group, success in which will lead to a UK directorship in the short term.

Male or female candidates should submit in confidence a comprehensive c.v. or telephone for a Personal History Form to: L. Hadi, Hoggett Bowers plc, 1-2 Hanover Street, LONDON, W1R 9WB, 01-734 6852, Fex: 01-734 3738, quoting

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A small but highly motivated team

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banking and Institutional contacts Responsible for the financial management of the business

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We are looking for an effective communicator with a hands-on approach who is able to work to tight deadlines. Experience in health care would be advantageous. Applications from part-qualified accountants with relevant experience will be

Please apply in writing to: -

Charter Nightingele Hospital 11-19 Lisson Grove London NW1 6SH

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### SAUDI ARABIA

A recently formed, fast growing Holding Company located in Riyadh, Saudi Arabia wishes to recruit an experienced Financial Controller.

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Applications are invited for this commercially oriented post from Qualified Accountants (ACA, ACMA) with at least 5 years post qualifying experience in a commercial

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David Paton **Executive Search Division** Hypes Associates Ltd Wells House, 77-79 Wells Street, London WI Tel: 01-580-5522

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THE PERSON NAMED IN COLUMN

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## Ultramar ahead 17% to £46.4m

ULTRAMAR, the independent oil company, yesterday reported after-tax profits for 1988, on an historic cost basis, of £46.4m, up 17 per cent on the £39.5m of 1987. It increased its dividend for 1988 to 7.5p (6.5p) with a proposed final of 5p.

On a replacement cost basis,

after-tax profits rose more sharply, from £29.5m to £80.5m. Earnings per share were up at 19.1p (15.4p) and cash flow from operations rose 32 per cent from £109.7m to £145.3m. Mr John Darby, the chair-man, yesterday said that the results were very good and reflected the success achieved

reflected the success achieved in its restructuring of the company into four complementary business areas. These are: the Indonesian gas production and exploration business; the North Sea oil and gas business, extended last year by the purchase of Blackfriars Oil and Gas from Associated Newspapers; and the refining and marketing operations in eastern Canada and the west coast of the US.

The company has decided that its oil business in western

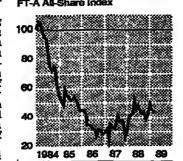
Canada no longer fits into its strategic objectives and is currently looking for a purchaser for this producer of 21m barrels of oil equivalent per day.

The refining and marketing operations in eastern Canada made the largest contribution to the group's profits at £58.6m (£60.1m), followed by the Indonesian operations with £19.8m (£22.5m). In the final quarter of 1988, the Wilmington refinery

1988, the Wilmington refinery in California, acquired in December for £259m, and Blackfriars Oil and Gas made a combined contribution of £1.6m. Group production averaged

27,400 barrels of oil per day and 432,800m cu ft of gas, giving a total of close to 100,000 barrels per day on a oil equivalent basis.

In eastern Canada, the refin-ing and marketing operations benefited from increased demand for products and good refining margins in North America. Last year, the eastern Canadian operations sold an Share price relative to the



upgrading service stations had contributed to an increase in

Mr Darby said that in 1989, Mr Darby said that in 1989, the group would concentrate on strengthening its existing businesses. The three most important capital projects would be the development of the Ravenspurn North gas field in the North Soa in which in the North Sea, in which Ultramar has an 115 per cent average of 115,200 b/d of refined products. The completion of its programme of its refinery in Quebec;

and the development of gas reserves in Indonesia to sup-port the group's share of the contract for supplying liquefied natural gas to Taiwan. Robert Gibbens adds from Montreal: Ultramar has hired Wasserstein Perella of New York to find a buyer for Cal-

Wasserstein Perella of New York to find a buyer for Calgary-based Ultramar Oil and Gas Canada, with 2,700 barrels daily of oil production and 69m cu ft of natural gas. Last year, it drilled 73 wells, and it has about 100 employees.

Ultramar Canada said the position of its core refining and marketing business was unchanged. This has a share of nearly 20 per cent of the petroleum products market in eastern Canada. It wants to pick up Texaco ontlets that may be Texaco ontiets that may be divested, following Imperial Oil's takeover of Texaco Can-

Group bought a 4.3 per cent interest in Ultramar, after trying in vain to buy Ulframar Canada. This interest was sold during the first two months of

## Acquisition gives boost to Life Sciences

LIFE SCIENCES International, the manufacturer of medical diagnostics equipment, more than trabled pre-tax profits from £1.8m to £6.1m in 1988, helped for the first time by a full year's contribution from Forma Scientific, the US micro-biological equipment manufacturer, acquired in November 1987.

Formerly known as Phicom, Life Sciences increased turn-over from £18.9m to £43.5m.

Earnings per share doubled to 44p (2.1p). The proposed final dividend is 1.1p, which makes 1.6p (0.8p) for the year. Mr Christopher Bland, chair-man, said that 1988 had been an excellent year for the com-pany. Forma Scientific was now the group's largest and

now the group's largest and most successful subsidiary, contributing 70 per cent of

trading profit.
Two other US businesses bought during the year, Whale

THE DISTRESSED GENTLEFOLK'S

AID ASSOCIATION 1897. Patron H.M. Queen Elizabeth, the Qu

To the DGAA, Vicarage Gate House, Vicarage Gate, London W8 4AQ Tel: 01-229 9341. Please send me, without obligation, a copy of

your booklet "How to Make Your Will"

Scientific, based in Colorado, and E-C Apparatus, of Florida, had made a useful contribution

to group profits, he said. In November, Life Sciences acquired Savant, a US vacuum centrifuge manufacturer, for £13.6m. Although the full cost of the purchase was included in the balance sheet, Savant made no trading contribution to the group, as the acquisition was only completed on Decem-

Mr Bland yesterday outlined an ambitious programme of financial goals and geographic within expansion for Life Sciences. He years.

said that the company aimed to achieve a 15 per cent return on sales and a 25 per cent return on capital employed in each of its operating divisions.

Although 56 per cent of group sales were in North America, Life Sciences exported to 100 companies and planned further expansion.

exported to 100 companies and planned further expansion, especially in the Pacific basin, he said. The company also saw great potential in the Soviet Union and China and Mr Bland said he hoped opportunities would develop in these regions within the next five years.

### **DIVIDENDS ANNOUNCED**

How to	DO YOU REALISE HOW		Current	Date of payment	ponding dividend	for year	last year
make your Will	IMPORTANT IT IS TO	BM Group	1,6	May 12	1.2		3 3.15
- and make	MAKE A WILL?	CRHfin	34	Apr 1	2.64	4.5	4
your Will-power	If you don't leave a legal and valid Will when you die, your family could inherit a	Gelifordint	10.75	Apr 4	0.7 9	17	3.2 14.5
work .	legacy of anguist, worry and perhaps real	Herring Son Dawfin Heywood Willamsfin	7.5t	- :	ē	11.5	9.5
	hardshipeven the roof over their heads could be threatened.	Inetem §		July 6	1.5 0.8	2,5 0.9	2.5 0.8
	Yet making a Will is not difficult and not expensive, once you know how. This	Life Sciences		:	0.6	1.6	0.8
	16-page - booklet "explains clearly . and simply exactly how to do what - and why.	Mount Charlottefin	1.41	July 3	1.2	1.75 2.21	1.5 1.9
	It shows you how to make sure that you.	Mount Charlotte	1.5	May 31 May 12	Ť	2.5†	- 25
	decide 'who gets what' after your death. and not an administrator who may know	Sincleir (Win)	15 1.25 '	Apr 4	େ ଅନିକ୍ରମୟ (ବର 1.1	1.55	4.25
	little of your wishes.  It also explains how to reduce	Victorie	STA	June 5 May 9	4.2	.7.5 8.5	6.5
	Inheritance Tax payable on your Estate, so that money which the Tax man might	Watmoughsfin	6.5	Apr 27 Apr 28	5.208° 1.35	8.5	6.875° 3.95
	have kept will go to your favourite charity.	Wickesfin	2.811	Jul 6	0.67	3.5	1 .
your Will. Because the very to a great extent on the the whether or not you decide	lso tells you how to remember the DGAA in existence of this very special Charity depends oughtfulness of benefactors just like you. But to help us, do read this most important little	Dividends shown pence Equivalent after allow rights and/or acquisitio market. Prish pence t	ning for a	orip lesue. SUSM atoci	tOn capit	al incre ted stoc	eased by
bookict — it's yours, free	and without any obligation, if you write or	B	DARD	MEET	NGS		

BOARD MEETINGS						
TODAY Interime—Brieriey Inve, Kleinwort Development, Lincat, Micklow (AJ), Pict Petroleam, Piloz, Totecham Hobpur. Finate- Admirad Coroputing, Antologasta, Arlington Securities, Bethoors, City & Commercial, Lagoroka, Libra Benk, MTI, Instrument, Quodent, Sandilly Alliebolog, TI, Tyne Tece Television.  John Charles Bethvinch Mar. 17 Colroy Homes Mer. 28 LTW Mer. (Thomas) Mer. 17 Welber (Thomas) Mer. 17	Candover Investments Clerke (T) Clayform Properties Delensey EW Fest Estates & General Halls Hones & Gerdens Hernbro Countywide Inghem (George) Kalon Litestudi MY Holdings Moriolit Capital Persons Permay Persons Permay Persons Union	Mar. 13 Mar. 16 Mar. 13 Mar. 13 Mar. 17 Mar. 21 Mar. 21 Mar. 21 Mar. 21 Mar. 22 Mar. 13 Mar. 13 Mar. 13				

### **Gold Fields** may omit full asset valuation

By Clay Harris

CONSOLIDATED GOLD Fields, the diversified mining group fighting a \$3.2bn takeover bid from South African-controlled Minorco, is unlikely to include a full asset valuation in its defence document. The docu-ment is expected to be pub-lished today.

Gold Fields is expected to

argue that conventional valua-tion techniques are inappropriate in its case because of the long-term nature of its the long-term nature of its businesses, involving reserves of precious metals and con-struction aggregates.

Instead, Gold Fields is likely to outline its view of the pros-pects for each division, and

pects for each division, and allow shareholders and analysts to tot up the sums and draw their own conclusions.

In the market, a 5p rise in Minorco's share price to 813p pulled the value of its cash-and-shares offer above £14.31 — higher for the first time than Gold Fields, which shed another 7p to £14.28.

Meanwhile, Lord Young, the trade and industry secretary, said yesterday that the 1986 said yesterday that the 1986
DTI report into shareholdings
in Gold Fleids made no criticism of Minorco "in any way".
Answering a question in the
House of Lords, he said both it
and an interim report had
been sent to the Monopolies
and Mergers Commission
when it was considering the

It was seen by officials who judged it to have no relevance to their inquiries. They then reported this conclusion orally to members of the commission. Lord Young restated that the 1986 report would be published, but only when it had

## **Acquisitions help Mount** Charlotte improve to £41.4m

By David Churchill, Leisure Industries Correspondent

MOUNT CHARLOTTE Invest-ments, the UK hotels group, yesterday announced record pre-tax profits of £41.4m for the 53 weeks ended January 1 1989, a rise of 42.6 per cent over the previous year. This was on turnover up 32.5

per cent from £93.4m to £123.7m, while earnings per share rose to 9.9p (8.3p) after tax of £9.44m (£6.94m). The results include the first

The results include the first full year of contributions from the acquisitions in 1987 of the London Park Hotels and three hotels from the International Leisure Group.

Last year was mainly spent in absorbing these hotels into the group, although four hotels were acquired in 1988 in Carlisle, Middlesbrough, and Newcastle.

castle.

Mount Charlotte now operates 68 hotels with a total of 9,150 bedrooms. Some 16 hotels are in the London

A revaluation of the group's total properties last year val-ued them at £988m, on an existing use basis, compared to a book value of £567m. This puts net asset value per share as at January 1 1989 at

270p. Mr Robert Peel, managing director, said yesterday that in

the first nine weeks of the current year demand had been There is still a significant organic growth potential within the existing portfolio of properties to expand room stock and services in order to improve earnings," he

Developments under way include planning permission for a 288 bedroom hotel, two convention rooms each holding 1,000 people, and 250,000 sq ft of office accommodation on the Greenside site in Edinburgh. This will be Scotland's largest convention facility.

In addition, reconstruction work on the Kensington Park Hotel in De Vere Gardens, London, is almost complete and is expected to open by the end of

May this year.

The company proposes to pay a final dividend of 1.41p making a total for the year of 2.21p, this represents an increase of 16.3 per cent on the increase of 16.3 per cent on the 1.9p paid last year.

O COMMENT

Yesterday's figures from the Department of Employment showing a 3 per cent shortfall in the number of North American visitors to the UK last year appeared to do little harm to

Mount Charlotte's financial Mount Charlotte's financial performance. This was probably due to most of the downturn in American tourists being at the top-end of the market, with those tourists crossing the Atlantic deciding to trade down to the sort of mid-price properties Mount Charlotte has in its portfolio. This year's forecast from the British Tourist Authority of a 4 per cent increase in the numper cent increase in the numbers of Americans in Britain per cent increase in the himbers of Americans in Britain—and a 5 per cent overall rise in tourist numbers—will clearly help Mount Charlotte keep on track with its strategy of seeking high occupancy rates in its hotels rather than pushing up room rates. The key question now is whether the internal re-organisation forced on the company by the 1987 sequisitions, which added 50 per cent to room capacity, has been completed sufficiently to allow a more aggressive acquisition stance this year. High interest rates, however, may deter the company's energetic managing director, Mr Robert Peel, from moving too quickly. Analysts are still a little wary of the sector ontlook and current year forecasts are around £50m pre-tax. On yestenday's closing pre-tax. On yesterday's closing price of 181.5p, this gives a pro-spective p/s of just over 15.

## Splash forecasts £2.35m profit

SPLASH, the T-shirt designer and character merchandiser, which is fighting an unwanted £14m bid from Astra Trust, yesterday forecast profits before tax of not less than £2.35m in the year to October

31 1989. This, it says, is an increase of £1.4m - 151 per cent - over the previous year. Splash, Astra offer succeed."

which is quoted on the USM. says the profits increase will translate into a 37 per cent

increase in earnings per share.
In a fairly hard-hitting document, Splash says that the board has "received indications that our most valuable character licences will be terminated

"In particular, the Garfield licence, once withdrawn would result in a loss of turnover in excess of £2m. Without these licences, it will be impossible for your company to achieve the profit forecast."

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The document goes on to claim that Astra has falled to demonstrate any commercial or industrial logic for the hid.

## Abbey National document on its way

By David Barchard

DURING THE next week, an envelope containing an 88-page document from Abbey National Building Society will be landing of the doormats of its 5.6m members.

The document is Abbey's "transfer document," the full statement that a society has to issue to its members when it seeks their authority to shed mutual status and become a public limited company. Along with the transfer doc-ument, Abbey members will

find voting forms for the spe-cial general meeting on April 11 which will decide whether the stockmarket flotation is to

The document outlines procedures and consequences for members and the society, analyses the reasons for conversion and gives general background information on the business and activities of the society, including an accountants

report. Why should a large and sucwhy should a large and suc-cessful building society wish to convert itself into a company? Abbey says building societies are subject to a number of restrictions which do not apply to companies which carry on

similar businesses. They lack operational flexibility and their

place in the mortgage markets is declining because of increased competition. It forecasts that building societies will come under increasing pressure as the mortgage market slows down as it approaches saturation. Conversion, the transfer document says, will bring more capital to counter this chal-lenge. Customers stand to gain

branch facilities.
Other benefits to the society include the chance to manage its treasury operations more

more branches and improved

efficiently.

As for disadvantages, the chief of these in the society's view is that it will be exposed to possible takeover after five years. Before that time, no shareholder can build up a stake of more than 15 per cent. Members will lose the ownership rights which at present attach to their savings and mortgages, but this should be offset by the issue to them of free shares under the conver-

Once conversion is over, the society says somewhat vaguely

that it intends to "pursue a central strategy of strengthening Abbey National's position in the UK savings and mort-gage markets and expand the range of personal financial services offered by the group."

It says it is investing heavily

to develop a larger and more closely imagrated distribution system. It also plans limited expansion oversess. The society already has operations in Jersey, Gibraltar and Spain, and is in the process of setting up operations in other EC

Profit forecasts are distinctly cautious. Abbey says 1989 is expected to be a difficult year for the mortgage market. There is already a downturn in the demand for new mort-gages. In the six months to June 1989, it expects pre-tax profits of between £185m and £210m, against £203m in the same period last year.

"We are looking at two very different half years, one a boom year and the other a dead market," says Mr John Fry, Abbey National's general manager for group services.

How will the £lbn of new capital which Abbey National

capital which Abbey National

hopes to raise through the flo-tation affect its operations? tation affect its operations? The transfer document contains a model balance sheet, showing how the payment of dividends will affect the profits transferred to reserves. It assumes that dividends will be covered at least three times.

The model accounts suggest that with conversion of the society's shareholders' funds will rise from £1.42bit to £2.34bit. The ratio of capital

£2.34bn. The ratio of capital resources to total assets will rise from 4.9 per cent before flotation to 7.5 per cent. New shareholders will have

to wait until April 1990 for their first dividend. Former savers will have their rights protected too. For the first few years the society will be obliged to maintain funds to be repaid to its pre-conversion owners as a pilority liquida-tion distribution, against possi-ble insolvency and winding up

The complex provisions against this largely theoretical possibility mean that the Abbey will have to maintain much higher risk/asset ratio for the first few years than its

# Now Citilink puts the securities markets of BRUSSELS MADRID LUXEMBOURG LONDON

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he products available through Citilink include all the main bond instruments of the international, Euro- and domestic markets. Speed of communication helps you get the best deals (and keeps dealing costs down).

### **UK COMPANY NEWS**

## March sells Grand Prix activities

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MARCH, the loss-making grand prix engine technology racing cars concern, plans to to another team.

sell its Formula One Grand

His interest in March is Prix operations to Japanese entrepreneur Mr Akira Akagi, as part of efforts to restructure the group financially and retain its quotation on the limited Securities Market.

The move comes less than the planned sale. No details of the planned sale in the planned sale

The move comes less than three weeks after Mr Akagi and his Leyton House industrial property group, March's principal grand prix sponsor, withdrew abruptly from an agreement in principle to rescue March by taking a controlling interest and pumping in fresh capital.

Mr Akagi said he pulled out of the takeover after learning at the last minute of "new information" about March's affairs — understood to have been connected with March's intended supply of its current

although the three activities between them represent a substantial asset.

March, having been a relative also ran in grand prix fields until now, stands to gain substantially from a ban on turbochanged grand prix cars imposed from this year. March would then be left mainly with its contract engineering activiits contract engineering activi-ties, its troubled Indycar rac-ing car business - which, however, has recently received a boost from tie-ups with Porsche and Alfa Romeo, and a

plastic composites subsidiary. It was announced yesterday that, in order to prevent any conflict of interest, Mr Akagi has resigned the March directorship he took up in Decem-

March's shares will remain suspended at 50p until a deal with Mr Akagi is concluded, probably before the end of this

the March chairman, and his board are continuing negotia-tions with banks and institutions aimed at finding alternative financing for the group, while retaining its indepen-

Mr Cowan, who is also chairman of United Industries group, is said to be optimistic about obtaining loans to over-come March's short-term cash flow problems and longer-term

European growth lifts **CRH 38%** funding.

Under the offer recently withdrawn by Mr Akagi, he would have paid 50p cash per share for the 38.5 per cent of March not already held either by himself (20 per cent) or founder Mr Robin Herd and his family (41.5 per cent) — a deal which would have valued March at \$27.5m. to I£63m

By Andrew Taylor, Construction Correspondent

PRE-TAX PROFITS of CRH. the international building materials group and one of Ireland's largest companies, rose 38 per cent to I£63.35m (£52.93m) in the year to

Turnover increased from 2707.12m to £914.08m, while earnings per share rose from 13.74p to 17.24p. Almost 80 per cent of profits are now earned outside Ireland compared with less than 10 per cent 12 years

fam into the company but last year's losses are understood to have reduced March's net asset value to between £3m and the company's principle mar-kets: the US, UK, continental

Europe and Ireland.

The higgest increase was in Europe where trading profits more than doubled to £17.68m helped by an exceptional performance from the acquisition last year of Verwo, the Dutch concrete products group.

Profits from Spain, however,
were disappointing due to

problems of supplying power station fly-ash used in CRH's cement operations in the north of the country.
In the UK, trading profits

rose 35 per cent to £17.09m reflecting new acquisitions and increased demand from a

and increased demand from a buoyant UK construction market, particularly in southern England.

Mr Tony Barry, chief executive, said the US market, where profits rose by only 13 per cent to £22.08m, remained

Significant sales and profits growth in Pacific and north eastern states offset declines in energy dependent mountain and southern states, he said. CRH's domestic business —

in decline since 1960 - staged a recovery last year, increas-ing profits by 12 per cent to \$16.18m.

Mr Barry said the recovery in the Irish construction industry should mean a further increase in profits this year. Total dividends for 1988 rose by 12.5 per cent from 4p to 4.5p, via a second interim of

Ireland, so long the poor per-former, looks like coming good this year for CRH. Profits will be helped by increased invest-ment in roads and agriculture. The group can also offset any-loss in market share due to PLESSEY, the UK electronics venes EC rules against antigroup, yesterday said it was competitive agreements.

"encouraged" by the progress

Mr Walls said be expected the takeover.

EC competition rules obtain a UK court injunction against increasing exports to the UK.

Further gains are likely in Britain where construction output is forecast to rise by a further 3 per cent to 4 per cent this year. Spanish profits should be much better now the fly-ash supply problem has been resolved. The profits contribution from the US, however, could dip slightly this year, particularly if exchange rates go against the group. All this means that CRH should be capable of raising profits to £72m this year which on a 21 per cent tax charge puts it on a prospective p/e of just over 10. It is difficult in the current

### HARRISONS MALAYSIAN PLANTATIONS BERHAD (Incorporated in Malaysia)

ectors announce that the unaudited results for the nine months to 31st December, 1988 were:

INTERIM REPORT FOR THE NINE MONTHS TO 31ST DECEMBER, 1988

	Gro				Company		
	1988	1987		1988	1987		
	MS'000	MS'000	%	MS'000	MS'000	%	
Cornover	443,551	381,855	16	26,035	19,704	3	
			===			====	
evestment and other income	8,006	9,066	(12)	2,059	2,318	(1	
	161 679	90 C1E	101	70.105		62	
Operating profit	161,673 4,020	80,615 . 2,868	40	10,195	6,309	0.	
1550Cates Companies	,020					_	
Profit before taxation See Note 1)	165,693	83,484	98	10,195	6,309	63	
location	45,107	25,670	76	3,456	762	354	
See Note 2)							
		_				_	
Profit after taxation but before	120,586	57,814	109	6.739	5,547	21	
dinority interests	1,501	240	525	0,735	2,347	-	
MARLY MUZICIO	1,001						
	119,085	57,574	107	6,739	5,547	2	
xtraordinary items	1,982	(1,784)	211	_	(2,920)		
See Note 3)		•					
haft attillate			_			_	
rofit attributable to	121,067	55,790	117	6,739	2,627	157	
CALLED PROCESSION OF THE PROPERTY OF					-,061		
TOTES							
1) After charging							
- Interest	282	293		_	3		
- Interest	17,219	17,693		513	526		
2) Taxation includes							
- Curent	52.072	28,802		3.026	612		
- Deferred	(7,619)	(3,436)		430	150		
- Associated Companies	654	304					
3) The extraordinary items							
comorise the following:							
West Malaysian credit	1,870	_		_	_		
Surplus on liquidation Profit on sale of	112	428		_			
investments	_	691		_	_		
Profit on sale of land	_	17		_	_		
Loan to an associated company written-off	_	(2,920)			(2,920)		
	1,982	(1,784)			(2,920)		
				,	1988	1987	
hade about the before		- Hama an		G	roup	Group	
rofit after taxation but before					27,2%	15.	
rofit after taxation but before ent	raordinary ite	ms as percer	stage of sh	are-			
colders' funds					6.5%	3.3	

The earnings per share and net tangible asset backing per share figures above are based on the issued share capital as at 31st December, 1988, comprising 422,991,214 ordinary shares of \$1 each.

	HARVESTED CROPS - TONNES		
•		1988	1987
EKB		709.705	639,389
		146,558	134,278
		43,641	39,445
	***************************************	36,700	38,996
		5.758	5.808
COCOZ	***************************************	5,136	5,000

The significant increase in profit is mainly attributable to higher commodity prices for palm and rubber products coupled with the increase in palm production. The results for the full year will show a material increase in profit over the previous year.

BONUS ISSUE

D On 20th February, 1969, at the Extraordinary General Meeting held, the shareholders approved the

1) Un 20th February, 1969, at the Extraordinary General Meeting held, the shareholders approved the boars issue and novesse in authorised share capital.

Approvals in principle were received from The London Stock Exchange on 17th February, 1989, The Kuala Lumpur Stock Exchange on 23rd February, 1989 and The Stock Exchange of Singapore on 27th February, 1989, for the listing and quotation of the additional 422,991,214 ordinary shares of \$1 each arising from the boars issue.

31) As amnounced on 23rd February, 1989, the last day for lodging transfers for booms entitlement will be at the close of business on 15th March, 1989.

The Directors have declared an interim dividend in respect of the financial year ending 31st March, 1989 of 5 sen per share, less tax, absorbing \$27,494,429 payable on 6th June, 1989, on the enlarged capital of 845,982,428 shares as a result of the 1 for 1 bonus issue stated above (last year, 1st interim, 6 sen per share on 422,991,214 shares).

The last day for lodging transfers will be at the close of business on 10th May, 1989.

COPIES OF THE COMPANY'S INTERIM REPORT
A copy of the Company's Interim Report will be posted to shareholders on 14th March, 1989. Copies will also be available from the Company's registered office and the Branch Registrar, Baring Brothers & Co. Limited, Bomne House, 34, Beckenham Road, Kent BR3 4TU, United Kingdom.

## Higgs & Hill sells its stake in R&T

HIGGS & HILL, the building and property group, has sold its 14.9 per cent stake in Rush & Tompkins, the property developer and contractor, to Singapore Land. Singapore Land is one of the largest property groups in the island state, and has a market capi-

talisation of more than £300m.
The shares were sold at 380p apiece — a total consideration of 27.3m. H&H said yesterday that Singapore's interest "was brought to our attention" and that, in the face of an attrac-tive offer, it had decided to

accept.
The building group first revealed its stake in R&T in October. This came just days after OVS investment, an Australia by tralian company controlled by Mr Dick Pratt, sold a 9.9 per cent interest, and H&H con-firmed that part of its holding had come from this source.

had come from this source.

The shares were originally bought at around the 300p level. Yesterday H&H suggested that its gross profit on the stake, should of financing costs, was around £1.4m. R&T, meanwhile, said that it welcomed Singapore Land's surferest. It had that the Singapore company had consulted the board prior to acquiring the holding, and that, far from objecting, directors had encouraged the purchase.

Mr Nigel Dunnett, managing director, added that he did not

expect Singapore Land signifi-cantly to increase its interest, nor to have boardroom repre-

Instead: he stressed the pos instead, he acressed the pos-sibilities for a working rela-tionship between the two com-panies. He said that R&T had worked for Singapore Land in the past—citing the develop-ment of the Marina Centre as an example — and maintained that the UK group might be able to offer project manage-ment skills. Mr Dunnett said that he understood Singapore Land was seeking openings in

# Takeovers boost Victaulic

By John Ridding

VICTAULIC, the plastic pipes company which was bought by its employees from British Steel in 1983 and which came to the market last May, yesterday announced pre-tax profits for 1988 of 27.56m, up 16 per cent from the 1987 figure of

£6.52m. Turnover, assisted by last year's acquisitions, rose by 21 per cent to \$62.9m. Excluding the acquisitions - Insoll Holdings and Britpipe in February, and the European pipe cou-plings business of Dresser industries in December - the

increase was 18 per cent.

Rarnings per share increased
15 per cent to 25.2p (21.9p) and
a final dividend of 5.5p was

This, together with the interim dividend of 3p gives a total for the year of 8.5p and compares with a total of 7.5p for 1987.

. According to Mr David Stewart, managing director, growth had been achieved throughout the company. Stewart and Lloyds, supplier of polyethylene pipes, enjoyed strong demand from the gas industry,

while Viking Johnson saw strong this year with its strong growth in the sale of pipe couplings.

strong this year with its medium density polyethylene piping expected to win an pipe couplings.

Mr Stewart said that because

of the buoyant market conditions capital expenditure had been sharply increased to 23.5m from £2.2m in 1987. Much of the increase was accounted for by capacity expansion at Stewarts and Lloyds.

High priority is being given to expansion in Europe and this is reflected in the purchase of Dresser's pipe con-plings business - now renamed Helden Couplings.

O COMMENT

For Victaulic, if for few others, the digging up of roads by the water authorities and British as in previous years, it bene-fited from the renovation of the nation's piping infrastruc-ture and turned in results at the top end of forecasts. Its performance was well received and the share prica, which was 235p on flotation, yesterday closed up 5p at 318p. Both of Victaulic's main income sources are set to continue

from the privatisation of the water authorities and there is the possibility of relatively Incrative contracts from the Channel Tunnel. The only con-cerns facing Victaulic are the possibility of higher raw mate-rial prices and - with 70 per cent of its turnover coming from the gas and water industries - that its business may prove too narrowly based in the longer term. However, the company seems aware of this and is seeking to develop new products (particularly in the area of technical plastics), and expand its markets. In particular, the purchase of Dresser's European pipe business pro-vides a useful European base. Victaulic's good prospects are reflected in profit forecasts ranging from £8.6m to £9m giv-ing a prospective multiple in the region of 10.5 to 11.

increased share of the market

and with British Gas extending its network in in rural areas.

Benefits should also accrue

March at £7.5m.

The company is expected to report a pre-tax loss of £4.5m

for its financial year ended last

At the time Mr Akagi first took a stake in the company, at the end of 1987, March's net

assets were shown at cam. Sub-

sequently, Mr Akagi injected

## EC inquiry into GEC/Siemens bid encourages Plessey

By William Dawkins in Brussels

"encouraged" by the progress of the European Commission's inquiry into the hostile £1.7bn consortium bid from GEC of the UK and Siemens of West

Mr Stephen Walls, Plessey's managing director, said: "We think we have a strong case to answer here and the commisgion recognises this."

He was speaking after a meeting with the commission competition authorities. They are due to conclude an inquiry in the next few weeks into whether or not they should block the joint bid for Plessey on the grounds that it contra-

that the commission's eventual decision would be closely timed with that of the UK Monopolies and Mergers Com-mission, which also launched its scrutiny in mid-January.

The Brussels inquiry is focusing on whether the Anglo-German bid could be cleared under the clause that allows anti-competitive agree-ments which contribute to technical or economic prog-

plaint against the bid in Brus-sels shortly before losing an unprecedented attempt to use

Plessey's case rests on its claim to be the only big EC electronics company with full vertical integration from chipmaking through data networking to software services.

It has argued that breaking up its structure via a takeover would harm the community's strategic economic interests, implying that Brussels should bear industrial policy in mind when making competition deci-

"We believe that these are real European interests, affecting the ability of Europe to compete against the US and Japan," said Mr Walls.



and delivery.

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY- Indices of industrial production, manufacturing output (1885–100); angineering orders (£ billion); retail sales volume (1990–100); retails sales volume (1990–100); replatered unamployment (aucluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

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-2,235 -2,461 -3,724 -4,661 -578 -4,66 -1,724 -605 -4,996 -4,996 -4,996 -1,465 -1,363

3,874 -4,628 -6,789 -1,287 -1,273 -1,713 -1,572 -2,661 -1,657 -1,658 -1,763

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oducts (1985=100); mini prices and food pri-odity inter (Sept 1931 = 100); trade weighted

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INFLATION-Indices of earnings (1985 = 180); hasic materials and to prices of manufactured products (1985 = 100); ratall prices and to

4,173 3,162 3,188 1,258 1,259 1,362 1,178 621 1,663 706 819

107.7 108.4 111.8 168.4 108.9 108.5 110.9 110.8 111.5 111.5 111.5

OUTPUT- By market sector, consumer a goods (materials and fusts); engineering teather and clothing (1965=100); housing

EXTERNAL TRADE- indices of export and import vol

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7.4

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### **UK COMPANY NEWS**

## Fairey more than doubles to £8.8m | Associate helps

FAIREY, the diversified engineering group which joined the stock market last November, reported pre-tax profits of £8.77m in 1988, more than double 1987's total.

In the process, Fairey pipped the £9.5m operating profits forecast made at the time of flotation. Operating profits were £9.67m (£7.06m) and there was an exceptional credit of £852,000 relating to the suspension of pension contributions. Interest paid fell to £1.75m from £2.81m.

Fairey was privatised in the early years of Mrs Thatcher's Government before being sold to Pearson, the information. banking and china group which owns the Financial Times. The management then bought out the business in late-1986, backed by Candover Investments, the venture capi-

Two of Fairey's three divisions increased profits in 1988 but aerospace and defence profits fell from £3.37m to £2.62m. Mr John Poulter, managing director, said that defence profits were naturally humpy and that margins were lower

because of the product mix.

The fastest growth in profits came from the electronics and electrical power division which benefited from an improvement in margins at the ration-alised insulation business and from steady growth at Red Lion Controls, the US company which makes electronic measuring equipment. Divisional profits rose to £4.41m (£2.54m). The filtration and specialised ceramics division achieved a

rise in profits to \$2.64m (£1.95m) despite adverse cur-rency movements. Group turnover was \$82.1m, down from £84.64m in 1987, which had included £7m of sales from discontinued operations. Pro forma earnings per share, excluding the excep-tional benefit, were 17.5p

Mr Derek Kingsbury, the chairman, said that the order book was strong and was above that existing at the beginning of 1988.

### **COMMENT**

Having been through the excitements of management bny-out and flotation, Fairey now faces the hard slog of pro-viding the profits growth that will make it stand out from the rest of the engineering sector. Among the existing businesses, the growth is unlikely to come from defence and aerospace; the main hopes are Red Lion Controls, the US electronics company, the newly rational-ised insulator business and the filtration and ceramics division. However, a lot will depend on how Mr Kingsbury intends to exploit his new-found financial strength. Fairey seems admirably intent on putting only a cautious toe into the acquisitions water



Derek Kingsbury - the order

deep end. That limits the potential for disaster and with pre-tax profits of £10.4m likely this year, the shares look fairly valued on a prospective p/e of

## Aitken Hume sells Sentinel Life for £9m

Fenner to raise £16.2m by rights issue

Readicut International for belts used in domestic appli-

By David Lascelles, Banking Editor

AITKEN HUME International, the London-based financial services group which is undergo-ing rationalisation, yesterday announced the sale of Sentinel Life, its life insurance busi-

ness, to Century Group. The sale price of £9m represents a discount of £5.1m from Sentinel's embedded value. But Aitken Hume said that there were few buyers for life insurance companies with an estab-lished distribution network, likely to worsen as more

J.H. FENNER (Holdings), the

power transmission and

conveyor belting manufac-turer, is to replenish its acqui-

sition warchest through a one-

for-three rights issue to raise

terday underlined the purpose of the fund-raising, its first for more than a decade, by agree-ing to buy BIL, a manufac-

The Hull-based company yes-

By Clay Harris

life companies come up for However the disposal will

help Aitken eliminate its bor-rowings and strengthen its bal-ance sheet. The group is also raising £4.7m through a previously

announced rights issue.

The sale is part of the strategy adopted by Mr Emmanuel Olympitis, the new chief executive, to strengthen the group by withdrawing from unprofit-able businesses, and concen-trating on three core areas, UK

After a restructuring pro-

gramme which had cost a net

£9m, Fenner said it was seek-

ing to strengthen its presence in Western Europe ahead of

The new shares are being

BTL would complement the

offered at 160p, compared with yesterday's market price of

banking, fund management in the US, and offshore bank-

rather than jumping in at the

ing. Mr Olympitis said yesterday that all of Aitken Hume's unprofitable operations had now been sold, and the com-pany had substantially reduced its overheads. As a result of the Sentinel sale and the rights issue, the group would have about £4m in cash.

The group's board warned yesterday that results for the year ending March 31 will be "severely affected by difficult

ances and other industrial applications. BTL's West Yorkshire plant would give Fenner its first European manufacturing base for these produced.

Fermer's Pennsylvania facil-

ity, meanwhile, would supply raw material to the UK plants and bring the advantages of

lower cost processes developed

in the US.

market conditions and one-off rationalisation costs". But the directors still viewed the future with confidence. The completion of Aitken

Hume's rationalisation is intended to bring to an end a period of considerable upheaval marked by internal disputes over strategy and a change in chief execu-

Mr Olympitis said he believes that Aitken Hume now has three viable core busi-nesses on which to build.

sales and distribution opera-

tion, made pre-tax profits of £460,000 in the year to March

31 1988, on which date it

had net tangible assets of

Readicut, a specialist textile company, said BTL no longer fell within its strategic plans. Fenner said it intended to raise its interim divideud to

3.2p (3p) and recommend a final of at least 4.9p (4.5p) for

# WCRS profits to reach £13.6m

By Philip Coggan

WCRS, the advertising and public relations group, yester-day revealed nearly doubled interim pre-tax profits of £13.6m, although this year's results cover an eight month rather than a six month period. The figures, which include a

first time contribution from Carat Espace, the group's assoclated European media buying company, caused the shares to jump 21p to 269p yesterday.

The group also announced a new divisional structure with Mr Peter Scott, group chief executive, becoming chief executive of the media division, Mr Tim Breene chief executive of advertising, and Ms Adele Biss chief executive of PR, which will operate as Creamer Dick-son International.

Media and sponsorship provides around 50 per cent of group revenue. The division includes Carat Espace, which the company believes is the leading media buyer in Europe, and Alan Pascoe Associates, which has secured the rights to the Commonwealth Games and the European Athletics Championships

The advertising division, best known in the UK for the Carling Black Label campaign, provides around 35 per cent of revenues and has billings in excess of £1bn. The division works for 24 of the world's top 50 advertisers and recently gained the Pan Am account.

The public relations division, which operates under the Biss Lancaster name in the UK has annualised fee income in

annalised fee income in excess of £20m.
Last year's interim pre-tax profits for the six months to October 31, were £6.93m on turnover of £184.4m. This year's turnover for the eight months to December 31 was £321.5m.

There was an extraordinary loss of £1.04m relating to the disposal of Saunders Design. After tax of £3.72m (£2.56m), minority interests of £1.8m (£12,000) and preference dividends of £759,000 (£507,000), earnings per share were 11.47p (9.21p). The interim dividend is being set at 1.68p (1.35p).

### COMMENT

It may have been luck rather than indgement that made WCRS produce its results on the day of the bid approach for Boase Massimi Pollitt but it was all good PR for the group's share price which rose almost 10 per cent on the day. The company is recognised as having strengths in Europe, in sponsorship and in media buy-ing; however its weakness is a 274m debt burden which was the cost of building up that the cost of building up that strength. Should the company trip up — and the £1m write-off on the disposal of Saunders shows that it can — WCRS may pay the price for its ambition but assuming pre-tax profits of £34m for the full year, the shares are not looking too demanding on a prospective p demanding on a prospective p/

## USM listing for R & V

By Clare Pearson

THE Unlisted Securities Market has gained its first Dutch recruit with the arrival of R & V Information Systems.

a computer systems house.

R & V, valued at £5.25m at the placing price of 69p, makes an unusual addition to the market, especially as it has no plans at the moment to expand its business activities outside the Netherlands.

The company said it had been advised that, despite the much higher costs involved, the USM is a better arena on

which to make its stock market debnt than the Dutch equivalent.
Of the 3,22m shares being

placed, representing 42 per cent of the enlarged capital, about half are being sold by Mr Peer Reinhard, who retains a

controlling interest.

R & V supplies turnkey systems to companies across a wide range of Dutch industry and commerce. In 1988 it achieved pre-tax profits of Fl 1.99m (£553,000) on turnover of Fl 13.93m (£3.87m).

results and, based on current experience in its operational area, the second half "will be eminently satisfactory".

Distribution activities principally bricks, blocks, roadstone - showed

Earnings for the half year were 3.67p (2.58p) and the interim dividend is raised to

improvement.

0.85p (0.7p).

### News Digest

## Profit growth at 49%

FIRST-HALF profit growth for Galliford was 49 per cent, and indications point to a good second period.

The group, primarily connected with the construction industry, pushed up turnover from £75.3m to £82.3m in the six months to December 31, from which the

pre-tax profit was £3.92m (£2.64m). Mr Peter Galliford, hairman, said contracting activities increased profits and order books augured well. The East Midlands house building subsidiary produced good

### WILLIAM SINCLAIR Export sales at

## record levels

Increases of 36 per cent in both turnover and taxable profits were reported by William Sinclair Holdings, horticultural products manufacturer, for the six months to end-1988.

Mr Thomas Sinclair, chairman of the group which moved from the USM to the main market last November, said that increased production levels and improving sales boded well for continuing

expansion of the group.
The pre-tax outcome of .
£1.12m (£823,000) was achieved on turnover up from \$8.48m to £11.54m. Export sales reached record levels, Mr Sinclair said.

Earnings per share rose to 4.63p (3.53p), and the interim dividend is lifted to 1.25p (1p adjusted for November's scrip issue).

### **CONT MICROWAVE** Loss at £26,000 but interim held

**Continental Microwave** (Holdings), USM-quoted specialist in microwave technology, yesterday announced pre-tax losses of £26,600 for the six months to end-December 1988 compared with a profit of £437,000 for

the corresponding period.

The directors explained that the results reflected the impact of Micronics Technology Inc and full provision for a substantial cost over-run on a continental electronic iefence contract.

Chairman

Loss per share was 2.3p (4.2p earnings) basic but the interim dividend is maintained at 1.1p

The directors said that the business traditionally has a stronger second half.

This advertisement is issued in compliance with the requirements of the Council of The Stock Exchi

### Taylor Woodrow plc

(Incorporated in England under the Companies Act 1929, Register

### £80,000,000

91/2 per cent. First Mortgage Debenture Stock 2014

Issue Price £92.519 per cent.

### Hambros Bank Limited

has agreed to subscribe or procure subscribers for the Stock.

Application has been made to the Council of The Stock Exchange for the Stock constituting the above issue to be admitted to the Official List. It is expected that dealings

Interest will be payable semi-annually in arrear on 1st April and 1st October, except that the first payment of interest will be in respect of the period from 15th March, 1989 to 1st October, 1989.

Listing particulars of the Company relating to the Stock are available in the statistical services of Extel Statistical Services Limited. Listing particulars may be obtained during usual business hours on any weekday (public holidays excepted) from the Company Amouncements Office of the Quotations Department of The Stock Exchange, 46-50 Finsbury Square, London EC2, up to and including 13th March, 1989 or during usual business hours on any weekday (Saturdays and public holidays excepted) at the addresses shown below up to and including 23rd March, 1989.

House Govett Corporate Finance Limited, Security Pacific House, 4 Broadgate, London EC2M 7LE.

Taylor Woodrow plc, 10 Park Street, London W1Y 4DD

9th March, 1989



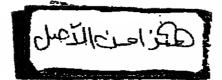
THE YEAR 1988

	.,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,		
HIGHLIGHTS	1988 £ million	1987 £ million	Change
PROFIT FROM OPERATIONS ESTIMATED REPLACEMENT COST PROFIT	46.4	39.5	+ 17%
FROM OPERATIONS	80.5	29.5	+173%
CASH FLOW	145.3	.109.7	+32%
EARNINGS PER SHARE	19.1p	15.4p	+24%

- Profit from operations up 50% in the fourth quarter and by 17% for the year
- Cash flow up 32% at \$145 million
- 5.0p per share final net dividend making 7.5p per share for the year-up 15%
- Eastern Canadian refining and marketing again the largest profit contributor
- Core businesses strengthened by the two large acquisitions in 1988 -Blackfriars in the North Sea and the Wilmington Refinery in California
- Refinery throughput will increase substantially in 1989. Oil and gas production expected to rise, particularly in the UK. John Darby



ULTRAMAR PLC, 141 MOORGATE, LONDON EC2M 6TX



Increased contribution from UK businesses

## **GKN** beats expectations with 21% rise to £177.6m

GKN, the automotiva components and engineering group, bettered market expectations with a 21 per cant advance in pre-tax profits to 2177.6m in the year to Decsm-

ber 31.
Assisted by the sale of Allied
Steel & Wire for £180m at the
end of 1987, and higher UK interest rates, net payable interest fell more than was expected, from £29.2m to £21.1m, boosting the taxable

result.

Mr David Lees, chairman, strassed the increasing strength of the group's balance sheet with the gearing ratio falling from 37.9 to 35.6 per cent. The directors have proposed that the final dividend be lifted to 10.75p (9p), making 17p (14.5p) for the year.

Barnings per share rose 21 per cent to 44p (34.7p), helped by a fall in the tax charge from 34 to 32.1 per cent. This was due to an increased contribution from UK businesses, where the effective tax charge is only 10 per cent. These now

account for 37 per cent (35 per cent) of group profits before interest and tax.

Mr. Lees said markets for GKN's products had been stronger than expected during the group half of the the second half of the

The company had "entered 1989 as strongly as it left 1988", he said, but added that it was extremely difficult to predict what trading would be like more than a couple of months

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He pointed to the increased trading profits achieved by the industrial services businesses, division had meant it now group surplus.

Divestments and adverse



David Lees - markets habeen stronger than expected

currency movements meant sales came out slightly lower at £2.37bn, against £2.41bn in the previous year.

Automotive and defence operations achieved trading profits of £100m £92m), despite adverse exchange rates and a much reduced contribution from two businesses sold early

Defence improved substan-tially with the Warrior tank in full production throughout the year. Sales of the passenger car business wouldwide benefited from strong iemand. Pressure on continental European prices was partially offset by cost

The trading profits of auto-parts distribution and services were staticat £11m, in spite of both adverse currency move-ments and substantial divest-

Related companies put in £41.2m (37.3m) on sales of £381.6m (£508.9m). GKN's acquisitian last October of a 22

### **UK COMPANY NEWS**

### **Enlarged Nestor** advances to £4.7m

IN ITS first full year of listing, Nestor-BNA produced record results in 1988 and continued to expand through organic growth and acquisitions. On a restated basis, turn-over of this nursing agency and nursing homes group rose from £53.7m to £85.85m and

affect on 1988

market expectations but got better on closer scrutiny, with whitnally every financial ratio

ments. Almost all areas should advance further this year, pushing pre-tax profits up to £200m or even beyond, although new shares issued

the recent Tokyo listing will produce a less impressive earn-

ings per share advance on a similar tax charge. The com-pany's enthusiasm for West-

land continues to provoke some concern, and of course the shares are overshadowed

by concerns about the automo-tive sector. Nevertheless, with

them standing on a prospective

p/a of a touch above 8, and providing an above-average yield, the idea is to buy on

s said he did not

operating profit from £3.86m to £5.05m. was up 44 per cent to £4.71m

(£3.27m). Mr Richard Burton, chair man, said the year included first time contributions from Scott-Grant Organisation and New Hall Hospital, the two largest acquisitions. Without those, profit would have been He added that the current

year had started well, and he

was confident of significant Earnings for 1988 came to 7.7p (5.9p). The final dividend is 1.7p for a total of 2.5p. The split of operating profit showed (in £000s): nursing agencies £3,006 (£2,565); hospitals and nursing homes £1,132 (£681); specialist personnel £774 (£334); doctors' deputising services £577 (£454). Central costs were £439

WICKES, the DIY retailer which last September acquired the Hunter timber group for £283m, yesterday reported sub-2680m." Hunter's results were included from September 17. At the time of the acquisition it profit for 1988 as a whole of

pleased with the purchase of Hunter, though there was work Excluding the Hunter purchase, the Wickes chain showed a sales increase of 22.5 to be done in bedding it down.

He said the effect of higher

per cent to £218m and operat-ing profits up 36.5 per cent to £13.1m. Sales in comparable Wickes' stores in the UK rose 10 per cent and in Belgium and the Netherlands they were up 8 per cent interest rates on consumer expenditure did not seem to be causing any slowing in group sales. Wickes' sales of its higher cost "projects," pack-ages which allow the DIY enthusiast or small builder to Mr Henry Sweetbaum, chair-man and chief executiva, assemble conservatorias, porches and other major jobs, were going well, he added. For remarked "if the Hunter group had been a part of Wickes for the whole of 1988, Wickes' turnover for the year on a pro-forma basis would have been asked for plans for a new project, a £12,000 covered, heated

swimming pool, in only a few

About 60 per cent of the gronp's sales goes to the repair, maintenance and improvement market, Mr Sweetbaum said Sales could have been helped by the mild winter weather, but research suggested that people who had not moved house in the last w years still had plenty of sposable income.

Pre-tax profits were struck after a doubling of interest charges to £6.2m and included property profits of £1m (£347,000). Earnings per share, fully diluted, rose 40.5 per cent to 16.3p, helped by a lower tax phoner. The final dividend in charge. The final dividend is 2.81p, as forecast at the time of total 3.5p (1p).

the confidence of the City, although investors are still reeling from the size of the Hunter acquisition, paid for in shares. Despite Mr Sweetbaum's reassurance, there is still concern that DIY sales will be hit by higher interest rates at some point. But Wickes seems to have found a genuine niche in the DiY mar-ket at the heavier end; while others are selling pots of paint Wickes is achieving far higher sales per square foot from patio doors, central heating systems and garden sheds. Profits should top £40m this year with the prospective p/e a little over 10, on the shares at 229p, up 4p yesterday. Despite faith in the management, the shares could be dull in the

## Instem recovers strongly with profits at £681,000

Wickes surges to £16m and sales buoyant

INSTEM, tha USM-qnoted control equipment manufac-turer whose profits slumped in 1937 recovered strongly in the 53 weeks to end-December 1988. Pre-tax profits doubled to 2681,000 while earnings per share rose from 4.6p to 9.7p. The results marked a reversal of several years of disappoint-ing figures which had seen pre-tax profits fall from

stantial growth for 1988, with sales up from £178m to £361m

and pre-tax profit from £6.69m

£872,000 in 1985 to £338,000 in on a turnover increase of only 9 per cent to £7.56m (£6.92m). Following a business review

The improvement was scored in 1987, Instem now supplies systems for data acquisition, monitoring and control, and specialist electronic services to five main sectors: power generation, water management.

industrial processing, mining and, to a lesser extent, scien-

Supply of work from these customers was plentiful said Mr David Gare, Instem's chair-man. Business placed with the company during the year totalled £8.5m, spread fairly evenly between the main cus-

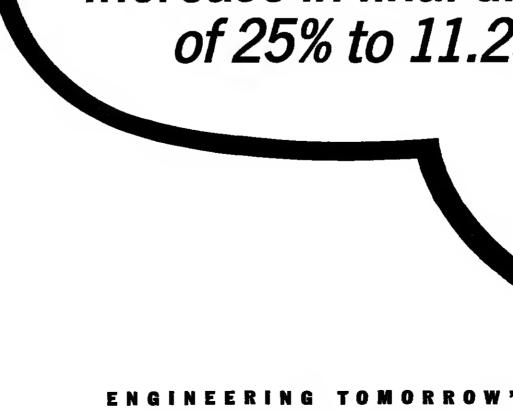
tomers.
This placed Instem in a

year, he said. But he expected some diminution in pre-tax margins.

The final dividend is set at 1.5p, making an unchanged 2.5p for the year. Dobson Park Industries, the mining equip-ment and engineering group, holds about 37.5 per cent of the

# Our performance speaks for itself.

BICC's 1988 pre-tax profits increased by 22% to £156 million. Earnings per share improved by 29% to 38.4p and have now doubled in the last five years. Increase in final dividend of 25% to 11.25p.



BICC plc, Devonshire House, Mayfair Place, London W1X 5FH.

The contents of this statement, for which the Directors of BICC pic are solely responsible, have been approved for the purposes of Section 57 of the Financial Services Act 1986 by Arthur Andersen & Co. as an authorised person.

# 

Limited

DM 375,000,010.-

Denticite Mark Floating Rat Notes due 1998 -Stock Index No. 481420-

In accordance with \$ 14 of the Terms and Conditions of the Notes, notice is heapby given that the Rate of attrest has been fixed at 7.08125% p. a. for the interest Periodirom March 9, 1989 to ptember 11, 1989 (186 days). Interest across for this Interest Period

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LG INDEX LTD, 911 GROSVENOR GARDENS, LONDON SWIW OBD Tel: 01-828 72336699 An AFBD member Reuters Code: IGIN. IGIO

## Heywood extends plastics side

HEYWOOD WILLIAMS Group, the glass and aluminium specialist, is to expand its activi-ties in manufacturing plastic windows and door frames through the acquisition of 80 per cent of a uPVC section extruding company, Vinylex Window Systems. The acquisitive Heywood

also reported a 50 per cent increase in profits to £30.34m (£20.21m) in the year to Decem-

The results included contributions from four businesses bought during the year: 10 months from Holdens Glass; nine months from Auto Windscreens; eight months from Central Glass; and four months from its investment in tha Netherlands. These new busi-nesses, acquired for £27m, contributed £2.4m to profits.

Mr Ralph Hinchcliffe, chairman, said that other selective acquisitions were in prospect but added: "Our policy is to build a business not a financial

He said there had also be ibstantial growth in profitability from Heywood's core businesses, apart from two window companies in its alu-minium operations which had been disposed of. Their write-off represented an

Turnover was 22 per cent ahead at £282m (£230.4m). Earnings per share rose 23 per cent to 32.7p (26.5p) and a final dividend of 7.5p (6p) was rec-ommended which will make 11.5p (9.5p) for the year. Vinylex, based in and around Gloucester, uses advanced extrusion technology, heensed by Royal Plastics, of Toronto, Canada, which will retain a 20 per cent holding in

the company. Heywood will make an initial payment of £10m for Vinylex, £5.25m in cash and £4.75m in shares. It has also agreed to pay an additional sum equal to Vinylex's pre-tax profits in excess of £1.8m in the four calendar years to 1992. In the year to June 30, Viny-

lex made pre-tax profits of \$1.17m on sales of \$4.59m. Net Mr Hinchcliffe admitted yes-terday that companies under Heywood's control had been involved in price-fixing activities in the glass industry. Directors had given undertak-ings that they would not again operate in such cartels.

Last year, the Office of Fair

News Digest

Telecom and Reuters.

Trading unearthed a nationwide web of price-fixing agree-ments in the glass industry. O COMMENT

Heywood's price-fixing activi-ties may tarnish its image but they are unlikely to cramp its profits. The company has shown a strong advance in recent years and, although the going is getting tougher, further growth is on the way. Heywood has a keen eye for acquisitions and yesterday's addition confirms this reputation. With a healthy halance sheet and good cash flow yet more expansion seems likely, probably on the continent. The glass market there poses different challenges but would seem to offer tempting opportunities, especially in the specialist areas. Heywood's share price

**Heywood Williams** Share price (pence) 250 200

1985 86 87 88 89 has experienced quite a rise recently and may not look too lively in the short-term, espe-cially considering the likely cally considering the likely contraction of the construction industry. A prospective ple ratio of 8 on profits of about £37m would also suggest a fairly dull performance, but as a very sound long-term low-risk investment, Neywood looks hard to match.

## **Herring Son** near doubled at £2.08m

ACCELERATON in the second half has enabled Herring Son & Daw to almost double its pre-tax profits for the year

ended January 31 1989.

Mr Peter Farrington, chief executive of this chartered surveyor, commercial estate agency and property services group, said the end of the first year tradition as a muchille commercial. group, said the end of the first year trading as a public com-pany saw the company gain from an active property mar-ket, but the benefits of flota-tion had been greater. Enhancement of profile led to new business opportunities and the ability to make acqui-sitions such as the nurchase of

sitions such as the purchase of James Barr, the Glasgowbased surveyor. Turnover in the year rose 35

per cent to 27.50m and the profit was 22.00m; figures did not include any benefit from James Barr. Earnings were ahead 75 per cent at 13.69p, and the final dividend is 2.5p for a 4p total

for a 4p total.

Prospects look good. The
order book for future business
showed an increase of 35 per
cent, ignoring a £10m fee
potential from secured rating
business for the 1890 rating

### US tobacco buy

American Distributors, the former Sapphire Petroleum, has purchased the customer lists of Nn-Service Tobacco and All County Wholesalers of Naw York state for \$1.5m

(£870,000)in cash. The company, which has transformed itself from an oil and gas business into a tobacco distributor, said that the combined sales of Nu-Service and All County Wholesalers were \$35m per annum. The purchase is being made by American Distributors subsid-iary, Golden Distributors.

## Watmoughs up 41% and £14.7m rights to fund acquisition

WATMOUGHS (HOLDINGS). the colour printer, publisher and process engraver, lifted pre-tax profits 41.3 per cent to

26.8m for the year to December 31 following an 11 per cent improvement in turnover.

The company also announced 2 one-for-four rights issue to raise about 214.65m and fund a 216.71m acquisition.

\$14.65m and fund a 216.71m acquisition. Norton Opex, the security printing group, is selling Watmoughs its McCorquodale Varnicoat, the Pershore Worcestershire-based subsidiary which specialises in printing long run consumer magazines by web offset and gravure process.

Varnicost contributed pre-tax profits of 21.1m to Norton Opax's group result in the year to September 30 and has net

The disposal ends Norton Open's participation in the printing of consumer maga-

Mr Patrick Walker, Wat-moughs' chairman, said fliat the purchase opens the way for expansion in the consumer magazine market. The company has well established asso-ciations with several major

Habing houses.

Watmoughs turnover increased from 258.9m to 258.9m in the year. The tax provision rose from 21.2m to 21.3m, while the interest charge slipped from 2673,000 to 2564,000.

The company is recommend-ing a final dividend of 5.5p, lib-ing the intal to 8.5p, compared with an adjusted 6.875p before.

### Polly Peck pays £7m for Hong Kong stake

Polly Peck Far East, the Hong in the US. Polly Peck Farkast, the Hong Kong-listed subtidiary of Polly Peck International, the UK-based trading and manufactur-ing group, has paid HK193m (26.9m) for 21 per cent of Shell Electric, a Hong Kong-quoted supplier of household appli-

The stake was bought from The stake was bought from Dr Yung Yau, chairman of Shell Electric. The company makes a wide range of electric and electronic products, including calling fins, microwave ovens, telephones and electronic keyboards.

The company his direct sales to over 30 cuntries, including major retal chains

Mr Barry Buttlens, a PPFS director, said Polly Peck intended to expend sales into new markets such as Europe, using its own well-established distribution network. PPFS is financing the purchase through its internal cash

Shell Ricctric has relocated virtually all of its manufactur-ing facilities from Hong Kong into China, in order to take advantage of low labour costs and increase production capac-ity, which is constrained in labour shortage in the terri-

### **BM GROUP Profit surge** to near £7m at halfway

MORE THAN doubled profits were achieved in the first half of 1988 by the BM Group, engaged in engineering, construction and building supplies. This followed a 74 per cent rise achieved in the last full financial year.

On turnover rising from £47m to £81m, the halftime profit surged from £3.13m to £6.39m. Earnings were £3.9p (8.2p) and the interim dividend is raised to £6p (1.2p).

Mr Roger Shute, chairman and chief executive, said the second half started with strong orders and expectations for further trading improvement It continued to be policy to seek further opportunities to

equipment division demand remained strong, and the building products side produced excellent results particularly within Simplex

### **MICROVITEC New contracts** provide spark

A 25 per cent expansion to £1.76m in pre-tax profits was reported by Microvitec in 1988 on turnover up from £21.23m

This USM -quoted maker of micro-electronic products attributed much of the increase to the performance of the OEM division which secured contracts with British

broaden the product base and to increase market penetration to ensure continuing increase

Earnings per 5p share rose to 4.2p (3.5p) and a proposed final dividend of 1p makes earnings, he said. Within the construction 1.75p (1.5p) for the year.

### LAWTEX Sharp recovery in first half

Lawtex, the manufacturer of clothing and umbrellas. sharply increased pre-tax profits from £49,000 to £218,000 for the six months to December 31. For the 53 weeks to July 2 1988 the company suffered losses of £963,000.

Turnover declined to £9.47m (£10.53m). Earnings worked through at 5.3p (0.9p) after tax of £7,000 (£15,000) and an interim dividend of 0.05p (1p) is declared. There was an extraordinary £119,000 debit relating to the disposal of its Xetal computer business. The umbrellas business

The CRH Group strategy

of balanced expansion

suffered from the dry autumn, and Safeguard, the company's small developments and engineering operations, had a disappointing half. The Irish leisurewear business made good progress after last year's reorganisation.

### SUNSET + VINE Sharp growth to £320,000

independent television production group which joined the USM last October, announced pre-tax profits of £320,000 for the half year to end-December.

The outcome - an advance of 53 per cent on the corresponding period of 1987 from £833,000 to £1.06m. Rarnings per share expanded. 45 per cent to 4.8p.

### RANDSWORTH TRUST Interim profit doubled at £4m

Doubled pre-tax profits of £4.27m against £2.13m were announced by Randsworth Trust, USM-quoted property investment and develop company, for the six months to December 31 1988. Income for the period improved from £10.03m to £10.59m.

The directors have lifted the interim dividend to 1.5p (1p). Earnings per share increased to 3.92p (1.75p).

Mr David Holland, the chairman, said the company had continued to consolidate its property investments in the West End of London and to dispose of its interests elsewhere. Last month the company acquired St Christopher's Estate, W1, for

### COMPANY NEWS IN BRIEF

COOK (WM) has, through its Holbrook Castings subsidiary, acquired Neepsend Castings for about £185,000 cash. There is also an option to acquire cer-tain land and buildings for a

further £116,000. GRAND CENTRAL Investments is to sell its two remainnegus is to sell its two remaining UX properties, in Stockport. Cheshire, for £550,000 (231,000 loss) for year to
cash. After the sale, if will December 31; invastment
Thive completed the remissation income £870,000 (2005)000; all the placed to raise the cash
tion acquisition for £5.1m,
(losses 0.07p); dividend 25p
Plastics, a West Midlandspaging the cost of £2.9m. The
(pil's net asset value at Deembased composite monitors and live completed the testisation of its 1805 UV property portle-lie acquisition for £5.1m, proceeds will now be used to develop the trading businesses in Malaysia, Singapore, Hong Kong and Australia.

NOWDEN GROUP has bought Food Equipment Group, of The Netherlands, which makes vactum packaging machines for the meat and other food industries. Consideration was an immediate £750,000 cash, with up to a further £1.33m profit-re-

JOHNSTONE'S PAINTS: Direc-tors of LS UK have declared the offer for all shares in the company closed. LS is to acquire compulsorily any out-standing shares. MMC CLEARANCES: The

acquisition of a 24.9 per cent

stake in Airlines of Britain Holdings by Scandinavan Air-lines, and the proposed counst-tion by SGS-Thomsonlineroelectronics of Inmos, althorn EMI subsidiary, will lot be referred to the Monipolies NEW TOKYO Invesment

ber 31 167.5p (162.4p). NORTH EAST Essex Build

NORTH EAST Resex Building has built up a 5.02 per ent stake in Owners Ahroad, the tour operator. Mr Raymond Raymond, managing director of the privately-owned conpany which also owns 9.15 fer cent of the Hey & Croft builting group, described the halling as "purely a long-term reside investment."

OFFERTEST: the con backed by Compagnia General des Eaux, French water con-pany, announced that its £7.56 bid for Wistech, waste disposit group, was unconditional t had received valid acceptance in respect of 89.25 per cent of Wistech's capital. All unsatisit

led conditions of the offer had been waived.

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been waived.

RADHUS has agreed to acquire
Systemsolve (Computer, Services), Middlesex-based ICL
systems house, for a total consideration of £2m, to be satisfied by £1.2m in cash and the
lesse of 618,462 new shares to
be retained by the modern to further 950,000 new shares are

machining specialist, for

TRANSCONTINENTAL SER-VICES Group had a net asset value of 279p per share at December 31. Fully diluted the figure was 263p. They compare with 293p and 263p respectively at September 30 1988. VIKING RESOURCES: Aviva Petroleum has bought 7.63m ordinary taking its total holding to 19.55m ordinary (48.9 per cent).

WYNDHAM GROUP IS freehold properties on Springvale Industrial Estate Cwmbran, Gwent, for £1m cash. Net profit over original purchase price is some

This advertisement is issued in compliance with the equirements of the Council of The Stock Exchange. It does not constitute in invitation to the public to subscribe for or to purchase shares. Application has been made to the Council of The Stock Exchange for the grant of permission for the whole of the ordinary share capital of R&V Information Systems N.V. o be dealt in, in the Unlisted Securities Market. It is emphasised that no application has been made for these securities to be admitted to official listing. Dealings are expected to begin on Toursday 16th March, 1989.

### **R&V INFORMATION SYSTEMS N.V.** (Incorporated and Registered in The Neiberlands)

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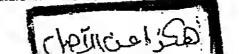
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R&V Information Systems N.V. is a computer systems house, offering arange of products including hardware, operating and applications software, mainenance, training and customised software.

Particulars relating to the Company are available in the Extel Statistical ervice and copies of the Prospectus may be obtained during normal business hours on any weekday (Saturdays and public holidays excepted) up to and including 24th March 1989 from Quilter & Co

> 33 Wigmore Street London W1H OBN 9th March, 1989.

has resulted in record profits from well-spread international operations. - SPREAD OF PROFITS IN 1988 IRELAND: 22% USA: 30% MAINLAND EUROPE: 24% UK: 24% PRE-TAX PROFITS - UP 38.1% EARNINGS PER SHARE - UP 25.5% DIVIDEND PER SHARE - UP 12.5% "My belief is that your Group will record satisfactory growth in 1989." J.D. Traynor, Chairman Copies of the CRH plc Annual Report may be obtained on request from The Secretary, CRH plc., 19 Lower Pembroke Street, Dublin 2, Ireland.



### **MANAGEMENT:** Marketing and Advertising

Market research in the UK

## A preoccupation with predators

Antony Thorncroft finds the industry has a broader base - and a certain complacency

he acquisition of market research compa-nies has become as popular in the UK as the research they produce.
Two years ago the largest research business in the world.
Nielsen, with a UK turnover of 226.2m last year, succumbed to 226.2m last year, succumbed to a takeover by Dnn & Bradstreet, the US financial information group, and last year, the largest in the UK, AGB, with a domestic annual turnover in 1986 of £36.6m, was acquired by Robert Maxwell's Pergamon publishing group.

The next two companies in size, Research International, with sales of £17m and Taylor/Nelson MAS (£16.4m), have both changed hands in the recent past — they are now owned by Ogikvy & Mather and the Addison Gronp, respectively NOP, with a turnover of £12.4m, remains part of Associstreet. NOP, with a turnover of \$13.4m, remains part of Associated Press, but the sixth company in size, Millward Brown (£12m) is believed to be on the market and negotiating with Martin Sorrell's WPP Group.

Last week, the industry, in the shape of the Market Research Sociaty held its Research Society, held its annual conference in Brighton and, not surprisingly, much of the talk was taken up with the politics of success and how to respond in the predators rather than on how to generate busi-

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The need to sell the advantages of research to clients is less pressing now that British business invests £300m a year ess invests £300m a year in research projects, and has largely disbanded internal market research departments in favour of buying in expertise from specialist research firms when the need arises. The largest specialists in the field, grouped into the Association of Market Survey Organisations, reported a growth in turnover of 15 per cent last year and forecast a similar increase in business for 1989. The research companies have managed in appeal in a new generation of clients. Traditionally they worked for manufacturers of consumer goods – the likes of Unilever, Procter & Gamble, and Cadbury Schweppes, As recently as 1982 52 per cent of AMSO members' turnover came from this sector, with food and soft drink producers alone commissioning almost a quarter of all research. They pought data on



nurtured ambitions of making

an acquisition - suggests that outsiders feel that market

research offers opportunities

for cost-cutting, streamlining and improved commercial exploitation. As Robert Worcester of MORI pointed out in a paper to the conference, 60

per cent of the Captains of industry quizzed last year felt that they were familiar with

the role of research, and a half had a favourable opinion of its usefulness. But this compared

with figures of over 75 and 60 per cent respectively in 1986.

Undoubtedly, the development of technology will transform the industry, favouring a few large companies which can

afford the investment in new equipment — such as hand-held computers for interview

ers - while the smaller operations will concentrate in

specialist areas, on qualitative research, and on developing

new ancillary techniques.

So far technology has not transformed research — even

the telephone, which was expected in form the basis of

most data collection as the

great majority of homes in the UK acquired phones, still only

accounts for around 13 per cent

of interviews by volume. It must also worry market

And the state of t

retail sales, the testing of new products, and advertising effec-Now consumer goods companies, while remaining heavy buyers, only contribute 40 per cent of the total. Clients in other markets have come to the fore. They include the media (its appetite for research has doubled since 1962 and of now accounts for 10 per cent of AMSO turnover), financial ser-vices, and public utilities (Brit-ish Telecom is probably equal to Unilever as a buyer of

There are weak spots - industrial research has never really got off the ground in the UK and the Government is a stingy buyer — but generally research has successfully broadened its client list. UK companies feel they are particularly well placed in pick up pan-European research assign-ments, especially from American companies, and the turn-over of the overseas subsidiaries of AMSO members in 1988 added another £100m to their collective sales. But beneath the surface

prosperity there are negative currents. The British research industry is perhaps too compla-cent about 1992 and its role in a single European market; foreign researchers, especially the French, are coming up with some good new techniques, and the failure of AGB to crack the American market in television research was a very costly reminder that technological it must also worry market cleveruess is not everything researchers that few client The latter was respected for the property of the contract of t

companies have developed a continuous relationship with a research supplier. When they need research they buy it in, often after getting proposals from a number of competing firms. This means that research executives spend much of their time pitching for ss rather than developwhen the local competitor, Nielsen is determined and has the financial resources to outprice any newcomer.

The fact that predators are sniffing around the industry—
Saatchi & Saatchi has long

exception. In general a big buyer of research would only be investing film a year, an insignificant sum for informa-tion which should form the basis for the expenditure of

ing new techniques, Many British companies seem to grudge spending money on research and do their best to keep research sup-pliers on their toes by buying studies on an ad hoc basis.

For example, next year the biggest continuous contract in the UK industry — BARB, the measurement of the TV audience and worth around £3m a year — comes up for renewal. The holders, AGB, will be pitching, along with Mielsen, which once held it, and Research Services Millward Brown, which, aided by two ex-AGB executives, has also joined the hunt. But the BBC studies on an ad hoc basis. joined the hunt. But the BBC and ITV have made it difficult, and less profitable, for the applicants, by splitting the contract into three sections. The BARB contract is an

basis for the expenditure of many millions in new projects. Perhaps the research companies need the shake-np provided by new owners.

In the meantime the research industry is concentrating on the other side of the equation, the general public, which provides the data.

So the Market Research Society has decignated the week ety has designated the week beginning May 22 as "Market Research Week." There will be a big public relations and marketing push in make market research more user-friendly. It is an idea taken from the US where research faces real prob-lems of consumer resistance over a half of potential interviewees refuse in take part in face-to-face questioning. In the UK the refusal rate is 18 per cent, but rising. So market research faces a double challenge while enjoying another prosperous year -

in persuade its paymasters that it is a worthwhile investment

and to convince the general

public that it is a beneficial

industry — which provides trained sales forces for companies on contract — has more than trebled in size in the UK in the past seven years from an annual turnover of £25m in £30m.

One reason for the growth is the increasing cost of putting a full-time salesperson in the field. According in a report published today, based on research carried out for Counter Products Marketing, the leading UK field marketer,

the leading UK field marketer, the average annual cost has now reached 233,685. Salary and related costs — honuses, commission, pension

contributions and National Insurance – amount to si6,200, less than half the total. The remainder comprises the cost of cars and expenses, and an estimated abare of head office costs for management, recruitment, training and re-

training.

Changes in the retail trade have also led manufacturers to review the rola of their full-time sales forces. The growth of multiple retailers, with strong, cantralised con-trols, has reduced opportunities for manufacturers to infinence product stocking, space allocation, merchandising and special promotions at branch level.

"There are large sectors of the trade we don't call on, because there is no need to," says Richie Elliott, general manager for trade, of Heinz, the food manufacturer. "It wouldn't influence any-thing...the range, shelving and space arrangements, pro-motions — everything is cen-

## The field marketing industry - which provides trained sales The value of a field force

Philip Rawstorne explains why companies increasingly use substitute salespeople

trally determined. So why put anyone through the door?"

But while most multiple retailers' sales deals are negotiated at head office level — and computers pass orders to other computers — many manufacturers have found it important to collect information about to collect information about their products, and those of their competitors, from the point of sale.

There are still many smaller units, too, where manufactur-ers can influence product merchandising and the support of new products, and where retailers are open in ideas for improving sales and margins. The field marketing industry - with more than 20,000 part-time personnel, mainly women between the ages of 25-50 - offers a flexible and economical method of carrying out these tasks, the industry

Heinz makes use of con-tracted field forces in new product launches and heavyweight promotions.

Thomson Holidays first turned to the industry for tactical reasons. "If we wanted to launch a product and couldn't get to every travel agent in two days — our usual target — we would . . . ask for a tactical

force in cover 4,000 outlets.

two-weekly cycle, and some-times weekly.

Thomson, which sees an even greater need to maintain personal contact with travel

agents as booking and informa tion processes become more automated, has its own manager at the contractor's offices.
"Ha manages the policy, he writes and organises the brief that changes every two weeks...he knows our busi-ness and creates the right lead-erahip and liaison," says Par-

kins. Guinness, the drinks group, collect cheques during last year's postal strike. But apart from such tactical uses, it employs a regular team to "ensure that our products get their fair share of display space and merchandising attention," says sales director, Graham

Rippon.
There can be disadvantages in using an ontside service.
"There is a period when the contracted sales force needs to

ness...30 it can assess in advance the way we think about things," says Rippon. "To get that fully on board requires fairly consistent hard work over a fairly substantial period of time. There is also the area of delicate, confidential information."

Though the amount of business with the grocery trade has been declining, the report predicts that contracted field marketing will increase its role in the food, drink and tobacco trades over the next five years. Manufacturers, it says, will increasingly require in-store information to match that being obtained by the retailers. Retailers themselves, as competition grows, will become more concerned with the care given to their customers.

The report identifies other retail sectors in which it believes the skills that have been acquired by the field mar-keters will increasingly find a

"Changes in the population structure and in people's wealth, changes in how they spend their leisure time, will open new opportunities for selling and promotion. "There are many types of

organisation today that sell-indirectly to consumers. Just as in the food, drinks and tobacco trades, they need a presence at branch level to ensure their product is in dis-tribution, is well displayed. is being used in the most effec-

It Can't Be Bought If It Isn't There, £25, Counter Products Marketing, Thame, Oxon. OX9

## Reaching US viewers, diplomatically

Los Angeles is offering British companies an opportunity to market themselves in American TV andiences. It is boosting its spon-sored television series, Focus on Britain, by adding nation-wide distribution on cable channels through the Discov-ery Channel and syndicating the series to independent TV stations across the US.

It has also awarded the contract for the next 13 part series to Roymark, a British production company - the first time a commercial com-pany has produced the series. which up to now has been made by the Central Office of Information, based in London. Information, pasen in Louisian.

The series adopts a magazine format, looking at industry, the arts, business and travel in Britain today; each

half-hour programme deals with a different subject.

British companies can sponsor whole or part programmes, meeting 75 per cent of the overall production cost; the remainder is paid by the Foreign Office. Companies pay 275.000 in sponsor a whole eign Office. Companies pay \$75,000 in sponsor a whole programme, \$19,000 for a quarter. Advertising-only deals are available too. For its initial run in the US, the British consulate bays airline on TV stations in the major cities. The 1988 series was seen on the Fox mini natwork in Los Angeles, New York, Chicago and Washington DC by a total sudience of fim. Just adding the Discovery Chamel will

the Discovery Channel will bring the series to another ges across the US. US television regulations prohibit programmes which are straight commercials, so

per 64 th

"The aim is to give an over-all view of Britain, which boosts British companies at the same time – remaining sufficiently objective to pre-vent viewers switching over in one of the other tweive or so channels available in the US," says vice-consul John Houlton. The programme will be American in format, fast paced, introduced by a well known British star and with familiar US broadcasters as hosts. Subjects already planned for the new series include high-tech industry in Scotland and hot issues like

bed of powdered limestone (which absorbs sulphur dioxide

the British contribution to "burden sharing" with the US on defence.

A high proportion of spon-sors have become regular contributors to the series, but the Consulate wants to bring in more. Roymark is responsible for finding sponsors as well as producing the shows. "The response has been enormous it's a very inexpensive way of reaching that market," says

managing director Des Good. Those due to take part in the next series include British Airways, British Telecom, Trust-house Forte and British Aerospace. Scripting for the series began last month, with recon-naissance visits in April and a 13-week shoot starting in June. The programmes will be aired in the US in 1990.

Nick Radlo

### TECHNOLOGY \*\*\*

Continuing a series on industry's role in preserving the environment, Clive Cookson assesses the cleaner ways of generating power

he electricity supply industry has long been the favourite target of environmental

ampaigners. In the past decade, fear of radioactive waste from nuclear power stations has been aggra-vated by worries about acid rain, which is caused by sul-phur and nitrogen polittion from coal-fired power stations. And now carbon dioxide, And now carbon dioxide, produced by burning fossil fuels, is being seen as a serious polintant because it is the most important contributor to global warming through the greenhouse effect. (Fortunately for the industry, power stations are not implicated in the other global air pollution problem — destruction of the ozone layer.)

Acid with is not units such

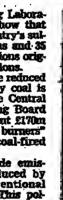
Acid rain is not quite such an emotive issue today as it was a few years ago, when anvironmental groups drew attention to the way it was polsoning lakes and forests, and eroding buildings. Some of the steam has gone out of the protests since the electricity utilities started to spend large ties started to spend large sums on equipment to reduce

world-wide expenditure on flue gas desulphrisation (FGD) equipment is likely to exceed \$50n a year by 1991. Several European countries, notably the UK, Italy and Spain, will be spending heavily to meet last year's BC Large Plants Directive, which requires a 60 per cent reduc-tion from the 1990 level of sulphur dioxide emissions by 2003. Emissions of nitrogen oxides (Nox) must be cut by 30 per

cent by 1998...
Similar legislation is expected in the US, where acid rain is damaging lakes and forests in the north-eastern states and in Canada. Canadians feel as hitter about US exports of acid rain as Scandinavians do about pollution drifting across the North Sea from Britain. New estimates from the UK Govern-

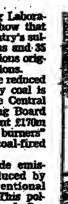
ment's Warren Spring Labora-tory, in Stevenage, show that 78 per cent of the country's sulphur dioxide emissions and 35 per cent of Nox emissions originate from power stations. Nox pollution can be reduced by modifying the way coal is burnt. In the UK, the Central Electricity Generating Board (CEGB) will have spent 2170m by 1997 on "low Nox burners" for its 12 largest coal-fixed

support the CEGB's describur-isation programme, they are concerned that it has aban-doned a commitment made in October 1967 to use "a balanced approach with a mix of limestone gypsum and regenerative technology." The CEGB now says that it cannot commit its privatised successors,



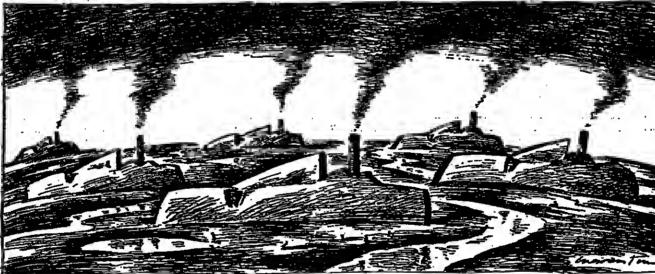
Bnt sulphur dioxide emissions cannot be reduced by adjusting the conventional combustion process. This pollutant has in be removed after combustion by "scrubbing" the flue gases. The CRGB expects that £1.8bm will have to be spent on FGD equipment.

Most of this technology has been developed in Japan or the HS Although several types of



US. Although several types of scrubber are in use, the CEGB believes that only two pro-cesses, "limestone-gypsum" and "regenerative", are suitable for large power stations.
Limestone gypsum, used at
400 plants world-wide, has been
chosen by the CEGB for

Europe's largest power station, the 4,000 megawatt (MW) Draz plant in Yorkshire. In this sys-tam, developed by Babcock-Hi-tachi in Japan, the flue gases pass through a spray contain-ing finely divided limestone. The sulphur dioxide reacts with the limestone (calcium carbonate) to produce calcium sulphite, which is converted to gypsum by oxidation and addition of water. The gypsum can be sold to the building industry for making plasterboard. Although environmentalists



# The burning questions about fossil fuels

National Power and PowerGen, to any particular approach. Environmentalists believe that a reliance on limestone-gyp-sum would extend intrusive limestone quarrying.

The regenerative process is environmentally more attractive because it recycles the himestone. Its capital cost is about 20 per cent higher than limestone-gypsum but the by-products, suiphur or sulphuric acid, are potentially more valu-

dioxide from the cases. While sulphur dioxide is an impurity making up a few per cent of the gases, carbon dioxide is the main combustion product of

Speculative studies of "Ilue gas decarbonisation" at Brook-haven National Laboratory in the US suggest that carbon dioxide could be absorbed from tha emissions by an organic solvent. The carbon dioxide would then be driven out of the solvent by low pressure steam, liquefled and pumped deep into the oceans. Below 3,000 metres the carbon dioxide acid, are potentially more vanished. The most successful regenerative method, developed in the US by Davy McKie, is being employed at 40 power stations world-wide.

Unfortunately the greenhouse problem cannot be solved by removing carbon dioxide dioxide on global warning must concentrate on reducing the consumption of fossil fuels. Looking ahead 20 years, there is only limited scope for replacing fossil fuels by nuclear energy and renewable sources (sun, wind, waves and tides) which do not contribute

this process would reduce the electrical output of a coal-fired power station by 17 per cent.
Its capital and running costs
would probably double. And
the ecological effects of dumpthe ecological effects of dump-ing a large pool of liquid car-bon dioxide over the ocean floor are unknown. It may never be viable to introduce flue gas decarbonisation. So any industrial effort to reduce the impact of carbon dioxide on global warming must concentrate on reducing

to the greenhouse effect. Using energy more efficiently is a much more remining route.

The electricity supply industry is responsible for 37 per cent of UK carbon dioxide emissions, a figure which could be significantly reduced by increasing power station efficiency. Even the best conventional power stations convert only 37 per cent of the energy only 37 per cent of the energy in coal to electricity. But advanced coal-burning technologies could raise the percent-age well above 40 per cent -and simultaneously solve the acid rain problem.

The crushed coal burns in a

One of the most promising approaches is pressurised flui-dised bed combustion (PFBC).

as it is emitted). An upward flow of air keeps the bed in constant motion, bubbling like a bolling kettle, and the whole vessel operates at five to 20 times atmospheric pressure. The first three commercial PFBC plants, designed by ABB, the Swedish-Swiss engineering group, are under construction in Sweden, Spain and the US.

In an alternative approach, known as integrated gasification combined cycle (IGCC), the coal first reacts with steam and oxygen to produce a raw fuel gas. This is cleaned chemically to remove pollutants before firing in a gas turbine to generate electricity. The hot exhaust then produces steam to power a second turbine. A number of demonstration plants are working in the US. British Coal has developed a successful experimental PFBC plant at Grimethorpe in South paint at Grinicinarye in South Yorkshire and now wants to test a new "topping cycle", based on a combined PFBC and IGCC system. It says that this would emit 20 per cent less carbon dioxide and cost 25 per cent less to build than a conventional coal-fired station.

But the new Grimethorpe programme cannot proceed without a £10m contribution from the UK Department of Energy

— a decision is due this month. "Clean coal" technologies work best in the 200 to 400 MW work best in the 208 to 400 MW range – far smaller than the 1,800 MW power stations favoured by the CRGR, but the most popular size world-wide. However, privatisation of the UK electricity supply industry is likely to spell the end of large coal-fired power stations with their high capital costs and long lead times.

Another trend which will bely to reduce the greenbosse

combined cycle gas turbine plants, such as General Electric's Stag plants at Futsu, Japan, are 42 per cent efficient.
British Gas has told the
Commons Energy Committee
bearings on the greenhouse
effect that gas turbine plants
will eventually reach 50 per cent efficiency. However, even though sup-

of energy as gas and 50 per cent more than oil.) The latest

nowever, even though supplies of natural gas are plenti-ful and competitively priced, "utilities are still extremely nervous about burning gas for power generation," says Mich-ael Gluckman, of the Electric Power Research Institute in California. "Experience has shown that when the industry begins to rely on natural gas, its price goes up rapidly and the government stops it being burnt in power stations." Walt Patterson, a UK-based

energy consultant, says that in Europe too there is a reluc-tance to use a premium fuel such as gas to generate elec-tricity. "It should be burnt directly for space heating." Last summer in Toronto, an international conference on the changing atmosphere recom-mended a 20 per cent reduction in global carbon dioxide emissions by 2005. Allowing for economic growth and increasing use of fossil fuels in developing countries, this would require a

cut of more than 20 per cent in industrialised countries. The CEGB believes that such a cut would be incompatible a cut would be incompatible with economic growth and require "Draconian" government measures to enforce it. On the other hand, the environmental pressure group Friends of the Earth insists that if there were a serious conservation effort, for example making use of waste heat from power stations for district heating. 20 per cent would be help to reduce the greenhouse effect is the burning of natural gas in power stations instead of coal. (Coal emits twice as much carbon dioxide per therm

## invented the water-closet, but the French have led the way in putting new technology into the

thought the Paris pissoirs were a civic disgrace, developed an alternative and now his APCs are

## Toilet with a brain breaks down British reserve

initet.

The "toilet with a brain", known in the UE as the automatic public convenience (APC), is the inspiration of Jean-Claude Decaux, a street furniture designer. He out the country and 100 more are

And it is in the UK that two important refinements of the prodbecoming convenient throughout uct have just been perfected: an antomatic fault reporting system There are 800 APCs, known as and a method of collecting data are hidden away in its "technical sanisettes, in Parts and now the UK from the closets that produces area". Only the daily technicians, market is starting in take off. The

APCs are portable, vandal-proof concrete boxes the size of two-tele-phone kiosks. They are finding favour with local anthorities because they are maintained daily by the supplier and they clean and

disinfect themselves.

Each one is fitted with a transmitter and computer, made by the German company Schleicher, which

The computer monitors all 32 working parts of the APC, from its water supply to its piped music installation (to combat claustropho-bia). If, for example, the paper in the "public area" runs out, then the computer sends a message - via a modem and telephone line — in the master station. The electronic mes-sage system, called Micrologue, has been custom-built by Street Equip-ment and Dynamic Logic, based in

All APCs in the UK feed informa-All Arts in the UN feet information to the master station at Shepherd's Bush, which logs it and if necessary acts upon it. Its printouts include information such as which lavatories need more paper or have a technical problem. The company's service pledge is that no fault will go unattended for more than 48 hours. Meanwhile, the APC protects the public by locking them out until the defect is .

From next year, all the UK cubi-

cles will be modified so that the modems send the master station messages which can be printed out in words, not code. This will mean that non-technicians can read and understand the hard copy, and that reports for the local authorities can be printed out straight from the master station.

But has the public found them as convenient as local authorities? Parisians welcomed them as a santtised alternative to their pissoirs, but the British have taken rather

louger in alter a rather Luddite view expressed in a 1983 survey rarried out by Street Equipment.
The consensus then was that they were too antiseptic and mechanised. It was feared that advanced computer technology would get in the way of a very private function.

Risewhere in Europe, where a total of 2,000 APCs are installed, they are proving popular in Ham-burg, Oporto and Barcelona. Gener-ally local anthorities rent them, grateful to be rid of the financial burden of maintaining and restoring public conveniences.

Rachel Johnson

China's rural reforms were handled. Initially, when the leadership disbanded the com-

munes and allowed peasants more freedom to choose which

to a contract system, many farmers decided to switch into

20 per cent of grain harvested is lost in threshing and trans-

Prices paid to the farmer have not kept up with the cost of living or the cost of inputs like fertiliser, plastic sheeting (used for crop protection), die-sel and pesticide. Last year the

Central Government made a particularly foolish error when, instead of paying farmers in cash, it gave them IOUs. Peking was auxious to hold

### **COMMODITIES AND AGRICULTURE**

OR THE first time ever, Peking officials are dis-cussing major agricul-

tural joint ventures in China with the Soviet Union. Xiang Chongyang, Vice-Minister of Agriculture, said Moscow was insisting on investment in China rather than sticking to the west formula of heater

the usual formula of barter

fee plantation in the southern island province of Hainan,

island province of Halnan, soyabeans in the north-east, plus chicken rearing, fish processing and the repair of Soviet fishing vessels.

The proposals aim to utilise China's low-cost labour and resources along with Soviet funds and technology.

This is a sign of Peking's rapidly thawing relationship.

rapidly thawing relationship with Moscow in the run-up to the Sino-Soviet Summit in

May; but it also points up China's urgent need for invest-ment in its farming sector.

Over the past year the country has had severe problems with

falling grain and cotton pro-duction, as well as wild fluctuations in the supply of meat because of the rising cost of feedstuffs.

While Soviet investment will

be small relative to China's size, every little helps in what

is an increaeingly dira

More than 40m people do not have enough to eat, Zhang Zho-ngji of the State Statistics Bureau said last week. The

grain harvest last year only just topped 394m tonnes, com-pared with a target of 400m

Projects might include a cof-

# Malaysia worried at pace | Chinese puzzle over agricultural reform of tin price upsurge

By Wong Sulong in Kuala Lumpur

THE KUALA Lumpur tin price yesterday staged the higgest rise in five years to reach the highest level since the October 1985 market collapse. At 23.71 ringgits a kilogram (£4,880 a tonne) the price was 72 Malaysian cents up on the day.

Dr Lim Kong Yaik, the Malaysian Primary Industries Ministor, expressed concern over the sharp increase. "The

price is going up too fast, and the market is not stable. There could be speculative interest responsible in the rise," he

European and Japanese buyers were scrambling for supply and the underlying tone is extremely strong," said an official of the Kuala Lumpur

Tin Market.

He said this was reflected at the start of trading when the opening price of 22.99 ringgit attracted huyers hidding for \$15 tonnes and sellers willing to effer only \$5 tonnes.

to offer only 68 tonnes.

The price was raised progressively by 5 cents at each call, and even at 23.55 ringgit, there was a yawning gap, with buy-ers bidding for 202 tonnes and sellers offering only 110 tonnes. Finally, at 23.71 ringgit, the bids were matched at 102

PROPOSAL for an a recurs settlement of legal actions faced by International Tin Council members is to be prosented to governments belonging to the council, delegates said after two days of meetings in London, reports

A working group consisting of e small number of delegates put a proposal to an informal committee of council members set up to explore the possibil-ity of e settlement. The pro-posal was amended by the committee and will now be conveyed to national capitals.

Banks and brokers have subetantial claims against the conneil and its members resulting from the collapse of its buffer stock operations in

week, but added that the smaller turnover and strong buying demand indicated that prices could go up further in

Since the start of the year, tin prices have risen by about 4 tonnes, 8 tonnes lower than
Tuesday's turnover.
Traders said they expected a
minor correction during the
Tuesday's turnover.
Traders and the price upsurge has
caught traders and miners by

Malaysian officials are worried that tin producing countries might he tempted to increase production above their agreed quotas, jeopardis-ing a promising but fragila recovery in the industry. They point out that there is

still an overhang of some 38,000 tonnes in the market, and the Association of Tin Producing Countries is aiming to reduce this to 30,000 tonnes by the end of its third supply rationalisation scheme in Feb-

ruary next year.
The ATPC is projecting an average tin price of between 22 and 24 ringgit this year.
"I don't think we will see
prices below 22 ringgit again
this year," said one malaysian

At current prices, the tin industry, described as a "sun-set industry" not that long ago, is becoming lucrative once again. Even Malaysian miners, again. Even Maiaysian miners, who are high-cost producers because of the low grade of their remaining deposits, will find current prices attractive. Their production costs average about 15 ringgit a kilogram.

Production costs in Indonesia are about 20 per cent lower, while those in Brazil, a non-ATPC member and rivalling Malaysia as the leading producer, is only about 10 ring-git a kilogram.



Prices paid to farmers have not kept up with the cost of living

10m tonnes were imported and another 10m drawn from

Compared with 1987 grain output was down by 2.2 per cent; cotton, at 4.2m tonnes, by more than I per cent; oilseeds, at 13.2m tonnes, by nearly 14 per cent; and rapeseed, at 5m tonnes, by a staggering 24 per

Tohacco, ougar, oilk and meat output were all up, but these are not staples, and sugar output still falls far short of domestic demand despite substantial rises

China is likely to replace the Soviet Union as the world's

biggest grain importer this year because of shortages, Li Guofeng, general manager of the import division of tha China National Cereals, Oils and Foodstuffs Import and Export Corporation said last

The grain target for 1969 is 410m tonnes, which would exceed the 1964 peak of 407m tonnes, but there is no real expectation of hitting that. Although acreage sown to grain is up and rain falling in January broke a prolonged drought, severe problems

These stem from the way

considerable.

Colina MacDougall on farming problems in a country with 40m underfed people to rectify the altuation by upping investment by yuan 400m (262m), plus establishing a new Foundation for Agricultural Development, which will receive a 1 per cent levy from state construction and other investment. These sums will go in the first place to raising the price raid by the state to farm-

price paid by the state to farmers by 18 per cent.
Cotton, which has never recovered its 1984 peak of 6.3 m tonnes, will also benefit from higher prices. Currently it remains an unpopular crop-since, unlike grain, there is no free market in it. But Chen Junshen, member of China's Junshen, member of China's ruling State Council, predicted last week that acreage would fall again this year and noted that raising cotton prices was highly complex. Clearly expecting supply problems, he volunteered that enterprises making textile goods for export would be allowed to import raw cotton.

However, farm raw materials are likely to be in short supply.
Only 92.5m tonnes of fertilizer
will be available, the Economic will be available, the Economic Daily says, just 83 per cent of the total requirement, while in 12 major grain-growing prov-inces a shortfall of 13.4 m tonnes is likely.

Inadequate domestic produc-tion and a lack of foreign

tion and a lack of foreign exchange for imports are to blame. Sumilies of pesticides, diesel, high-quality seed and plastic sheeting will also be short, by between a quarter and a half of current supplies. All in all, China has good reason to be anxious about its

down cash in circulation at a point when inflation was leap-ing upwards, but the farmers were enraged and disap-Peking is desperately trying

## High sowings put UK on course for record harvest

By Bridget Bloom, Agriculture Correspondent WINTER WHEAT plantings in cereal land out of production Britain were up by more than 20 per cent by last December, holding out the prospect of record cereal crops in this

year's harvest.
According to the latest agricultural census, 1.868m hectares of wheat had been planted by December 1 last year, compared with 1.542m ha in 1887 and 1.940m ha by December 1 1984, following which Britain

achieved a record 26.6m-tonne cereal harvest. cereal harvest. Although a great deal could happen to the crop between now and harvest, the mild weather so far this year could well enclarage higher spring planting of wheat and especially barley.

cially barley. Whereas over 90 per cent of the country's wheat is planted in the autumn, about half the

cheme which aims to take

across the European Commu-

nity.
Take up for the scheme has been low, with just under 60,000 ha being registered for set-aside in Britain.

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set-aside in Britain.

Since high levels of autumn planting of cereals are also reported from France and Germany large EC cereal crops seem a strong possibility. The so-called budget stabiliser for cereals, involving a three per cent cut in the intervention price would be triegered if the price, would be triggered if the EC crop went above 165m

tonnes.

The British Ministry of Agriculture is expected to publish a report next week. which will show that the level of pesticide residues in a number of UK foodstuffs is

## Crisis talks on Peruvian mines

By Veronica Baruffati in Lima

THE PERUVIAN Government is considering the possibility of declaring a state of emergency the mining industry in an attempt to revive production in the troubled state mining sec-

Three ministers, including Mr Carlos Raffo, making his debut as the Minister of Industry, met at the Finance Ministry earlier this week to discuss how to reactivate the state

mining industry.
"At present, 60 per cent of our installed capacity is practically paralysed and 30 per cent of medium-sized private mining companies are in the same situation," said Mr Roger Arev-alo, president of the Banco

Declaration of a state of emergency could result in the mining industry qualifying for funds and special facilities to import equipment.

\$600m, high world prices could ensure Peru's state mining sec-

COPPER prices surged to record levels in morning trad-ing on the LME yesterday before retreating in the afternoon as profit-taking emerged following erratic movements on Comex, writes our commod-

Cash metal hit £2.008 a tonne in the morning but closed at £1,977.50. Three-

tor \$200m a year in export earnings, according to Mr Arevaio.

Mr Pedro Coronado, president of the Central Bank, who was also present at the meet-ing, said he would study the request made to the bank for \$100m to help increase production in the state sector.

The proposal for a state of emergency declaration will be presented at the weekly Council of Ministers meeting today.... try suffered a hig blow last year with two long miners'

month copper closed £3 shead at a record £1,872.50. Many analysts remain bullish, partly on fears of another Peruvian miners' strike while supplies are tight.

Zinc prices were also affected, with the three months position reaching a record level in after-hours

strikes costing the country over \$400m in lost export earn-ings. Many mines have not recovered completely from the three months of strikes. The miners' federation has

called for a three-day strike from March 27 to protest at the Government's failure to abide hy the agreement signed at the end of the last strike in Decem-

Miners' leaders have not ruled out the possibility of callif their demands are not met at the end of March.

### Jute pact members seek fresh trade strategies

JUTE PRODUCERS and importers from around the world began crucial talks here yesterday seeking to extend the life of the International Jute Organisation, set to expire in 1991, reports Renter from

The meeting is expected to adopt new strategies to boost the \$1hn-a-year world jnte trade, which is facing strong challenges from various cheaper and lighter synthetics

A 1982 accord creating the organisation has already been extended twice, delegates Reaching a new agreement

is vital to saving the IJO and boosting the jute trade," one official said.

Opening the eight-day meeting of the 32-member organisation's governing body, the International Jute Council, Bangladesh's President Hossain Mohammad Ershad called for the "strengthening the world jute economy through research and market promo-tion."
"The growing threat to jute

by synthetics is of great concern to us and to 100m people around the world who are related to jute cultivation, trade and industry," he declared. The meeting is expected to

appoint a successor to Mr Har-bans Singh of India, the executive director, whose term of office expires in January. The organisation is com-

prised of five producing countries - Bangladesh, China, India, Nepal and Thailand and 26 importing nations plus the European Community.

Mr Singh said the organisa-tion, based here in the Bangla-deshi capital, depended on voluntary financial contributions and was facing an acute shortage of funds, delaying implementation of quality control and market prom-

"Jute has lost its traditional markets, more particularly in the developed countries which have switched over to bulk handling and packaging in syn-thetics," the executive director

### promise on banana market By David Buchan in Brussels

EC gives 1992

THE EUROPEAN Commission has promised to try to prevent Caribbean and African banana producers being forced out of the liberalised EC market after 1992 by the more competi-tive central American planta-

Mr Manuel Marin, the EC development commissioner, also told two Caribbean pre-miers - Mrs Eugenia Charles of Dominica and Mr John Compton of St Lucia – in Brussels this week that the Commission attached impor-tance to the balance protocol in its Come Convention with 66 African, Caribbean and Pacific

Countries.

Under this, the Lome treaty which is being renegotiated this year, must not leave ACP banana growers any worse off than the present convention. The Commission, however, appears to have no idea of how it can help its traditional sup-pliers while remaining loyal to the trade barrier-breaking ide-

ology of 1992.

**US MARKETS** 

IN THE METALS, e technical rath

helped boost gold prices through

Drexel Burnham Lambert, Dealer

DOW JONES (Base: Dec. 31 1974 = 100) pot 138.40 138.27 135.91 utures 142.15 141.45 139.67

esistance levels early in day, reports

in the autumn, about half the barley crop is spring sown. Autumn sown barley was 6 per cent up on the level at December 1 last year.

The high level of autumn planting occurred despite the availability of the set aside

According to the Grain and Feed Trade Association, the report highlights the position of those cereal products where residues appear to be more highly concentrated - especially bran and wholemeal

with no agreement on the Commission's proposals for

**LONDON MARKETS** 

continued merchant selling triggered stop-loss selling orders. Three month

metal closed down \$500 at \$17.375 e

tonne, or \$7.88 a lb. Dealers said the trend reflected e lack of fresh consumer engulry for the second

querter. On the bullion market gold

ed below the day's highs as prices

came under pressure from e firmer doller and weaker platinum. Meanwhile cocoa prices edvanced, following the

buying emerged. The afternoon rise

NICKEL prices breached the \$8 a lb

aspects of the farm support system for 1989-90, writes David Blackwell. The threeday meeting featured extensive discussions on the Commis-

Price stalemate at EC farm council

COCOA E/forme

Clase Previou

so on resuctance to buy until a specific ord has been received to justify it. Uncertainty at the retail and is due to lower sales and the pressure of the government's measure to reduce consumor expenditure. This spreads through the trade and with order books running down there are increasing signs of below-capacity working and short-time overaging to come

hort-time operation to come

most products. Britain emerged as the sole supporter. The next council meeting is scheduled for March 20 and 21.

### **WORLD COMMODITIES PRICES** (Prices supplied by Amelgamated Metal Tracing)

745	High/Low		Cioss	Previous	High/Low	AM Official	Kerb close	Open Interess	
	853 830	Aluminion	, 80.7% parts	(S per tonne)			Fling turns	wer 14,625 tonne	
	868 845 875 864 878 882	Cash 3 months	2250-6 2230-5	2285-79 2226-8	22357228	2275-80 2230-6	2238-40	25,687 lots	
	903 805 866 879	Copper, G	rade A (E per	tonne)			Ring turns	WE 44,875 tonne	
_	854 852	Cash 3 months	1975-80 1872-3	1960-5 1869-70	2010/2008 1688/1850	2006-8 1888-9	1883-4	66,913 lots	
	10 tonnes is per tonne). Delly	Strer (US	centerline ou	nce)			Aic	g turnover 0 cgs	
1095	5.24):10 day average	Cash 3 months	583-6 897-8	584-7 697-800		585-6 698-600		388 lots	
_		Leed 25 pe	f Sound)				Ring turn	nover 3,275 turine	
NU6	High/Low	Cash 3 months	342-3 351.5-2	342-4 351-2	353/251.75	344.5-5 352-2.25	352-6	9,164 lots	
	1200 1186 1181 1167	Nickel (5 p	er torme)				Ring turn	sover 1,956 tonne	
	1151 1132 1126 1112	Cesh 3 months	18180-250 17350-400	18600-800 17860-900	18450/18400 17700/17100	18350-400 17600-58	17350-400	6,712 lots	
	1109 1096 1106 1193	Zinc, Spec	tel High Grad	e (5 per torme)			Pling turn	over 3,950 Janue	
- 0	7105 1100 0 lonnes	Cash 3 months	2070-2 1970-6	2075-85 1985-70	2078/2072	2079-80 1978-82	1965-2005	6,895 lots	
S cents per pound) for		Zinc (\$ per tonne)					Ring turnover 13,475 tonne		
SU	(110.72); . 15 day	Cash 3 months	2065-70 1937-8	2065-75 7926-7	2075/2072 1970/1910	2073-5 7940-5	1965-8	12,150 Jobs	
_	Highs on								

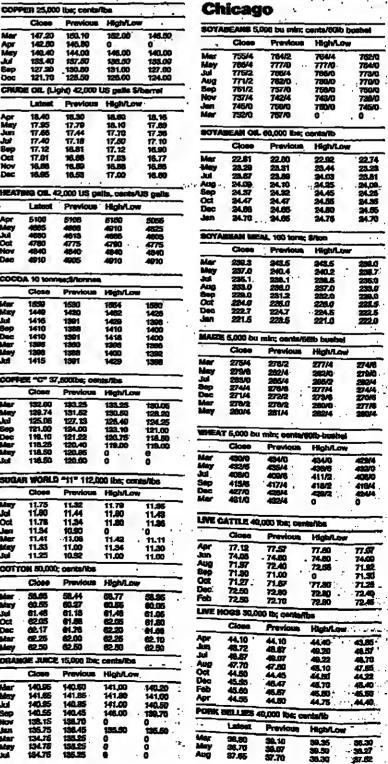
ald. Coffee prices lost ains made on Tuesda	y, when th	9	Nov Jen	1113 1098 1100	1132 1107 1110	1109 1105	1112 1096 1103		
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POT MARKETS			-						
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rant Elend	\$17.90-8.10		May	266.60	253.60		252		
.T.I. (1 pm est)	\$18.47-8.52q	-0.13	Aug	267.00 265.20	258,40 253,60		0 255. 0 253.		
I products			Dec	262.00	253.00	250.0			
IME prompt delivery per to	onne CIF)	+ or -	Mer	259.00	249.00	246.0			
emium Gasoline	\$190-182	+1	White	Close	Previous	High	Low		
na Cil	\$144-145	-0.5	May	317.00	308.60	317 (	10 307	50	•
eavy Fuel Oil	\$77-79		Aug	325.00	317.00		0 316		
aphtha	\$162-164		Oct	315.00	306.50	315.0	0 305.	50	
stroleum Argus Estimetes			Dec	305.00	297.00				
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uminium (froe market) opper (US Producer)	\$2275 1585 <sub>8</sub> -162c	+20	2025, O	ct 1945, E	Dec 1930,	Mar 18	BÖ, Me	y 1570	1
ead (US <i>Producer</i> ) ckel (free market)	37.5c 825c	-20	LCMDO	N METAL	EXCHAN	MAN M	DED G	Libon.	
n (European freq market)		-20	Alemba	ups (98.79	4	Calle	P	'uts	-
n (Kusia Lumpur market)	23.71r	+0.72	Strike d	orice S tor	ne Ma	y Jul	May	Jul	•
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andon daily sugar (raw)	\$278.8u	-5.2	3000		31		<b>56</b>	176	
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der .				. Au	140		141.25	140	25 139	.25
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### 142.50 140.40 185.40 127.20 121.70 buying was teatured as prices peaked at 398.8 basis April. Local traders were featured sellers at the highs sinking prices down to the unchanged level. Silver futures rose above 600 basis 18,40 17,95 17,65 17,40 17,12 17,01 16,85 16,95 18.30 17.79 17.44 17.18 16.81 16.68 16.69 16.53 18.80 18.10 17.70 17.60 17.12 17.83 16.88 17.00 May but lack of aggressive buyers forced prices lower. Platinum trading followed the gold and silver markets. Technical buying pushed copper up to new contract highs before scattered selling collapsed the market. In the softs, sugar futures were the most HEATING OIL 42,000 US galls, cents/US galls May, Steady trade and comm Latest Previous High/Low house buying kept the market strong. Short covering by locals rallied the market near the close. Cocoa gained 29 basis May on arbitrage and trade activity. Profit taking by the trade and hedge selling weakened coffee futures. 5100 4865 4680 4780 4840 4910 In Ilvestock trading, Mondays out of town storage report prompted mixed reactions, but the large slaughter was considered negative for the pork belly COCOA 10 tonnes:\$/tonne Close market. Lower cash prices and light 1580 1425 1396 1400 1400 1386 1392 poxed beef movement has reduced **New York** GOLD 100 troy oz.; \$/troy oz. Previous High/Low 393.1 395.4 397.9 400.4 406.0 411.9 417.8 423.6 429.5 Close 0 368.8 0 404.2 409.7 414.0 422.0 425.5 395.7 396.2 400.8 406.5 412.4 418.3 424.2 430.1 133.25 131.52 127.13 124.00 121.22 120.40 120.85 120.00 PLATRUM 50 troy oz: S/troy oz. SUGAR WORLD "11" 112,000 lbs; conts/lbs Close Previous High/L 548.9 548.7 548.4 546.9 560.9 11.32 11.44 11.34 10.90 11.06 11.00 10.92 11.75 11.80 11.78 11.54 11.41 11.25 Mary Joi Oct Jen Mer Mary Joi 11.85 11.43 11.95 0 11.11 11.30 11.00 552.4 552.0 550.6 0 11.80 0 11.42 11.34 11.00 552.0 553.0 Previous High/Lou COTTON 50,000; cents/lbs 586.0 589.1 594.7 605.8 616.8 638.0 638.0 649.0 868.5 670.9 591.0 Close Previous High/Low 590.9 596.5 807.8 618.5 634.5 639.4 53.65 61.65 61.46 62.05 62.17 62.25 62.50 58.44 60.27 61.18 61.58 61.76 82.00 62.50 58.77 60.55 61.48 62.05 62.20 62.25 62.25 58.35 60.05 61.06 61.80 61.08 62.10 62.50 Jen May May 0 652.5 662.0 0 648.5 682.0 0 ORANGE JUICE 15,000 lbs; cents/k High/Low 140.60 141.85 140.85 140.45 138.70 138.45 138.25 Mer 7 Mer 8 spreth ago yr ago 1992.2 1992.7 1975.8 1721.5



### **LONDON STOCK EXCHANGE**

# Equities unable to hold early gains

undramatic, trading session saw UK equities continuing to saw UK equines communing to hold steady as the City of Lon-don awaited Tuesday's Budget Speech from Mr Nigel Lawson, the Chancellor of the Exchequer. Strong hints that this morning will bring a bid or management buyout in the building sector brightened equities at the close, but the main event was the surprise announcement that Mr Alan Bond, the Australian entrepreneur, is putting his 19.8 per cent stake in Lourho up for sale at a price considered unlikely to attract buyers. Equities opened higher, with the FT-SE moving up to 2022.1

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Accoun	nt Deeling	Dates
Tirst Declings Feb 27	Mar 13	Apr 3
Option Declared Mgr 9	Mar 30	Apr 13
Last Dealings: Mar 10	Mer 31	Apr 14
Amount Day: Mair 20	Apr 10	Apr 24
"New York deal \$.80 am has be		

within the first hour of Seag trading. Traders were wary of the early gains, however, com-menting that the major market makers appeared to move their quotations up almost in unison despite slender buying interest, and an uninspiring perfor-mance from Wall Street over-night. Early gains were soon trimmed, but a £100m trading programme, reportedly involving switching from Alpha to Beta stocks by a major UK securities house, kept the market firm for a while. Good trad-ing reports from BICC and GKN, two leading UK manufacturing groups, also helped equities, and a further small trading programme was

The advance could not be sustained, however, and share prices turned off as the impliestions of the sale of the Bond stake in Lonrho were absorbed by the market. Equities were on the down side for the rest of the session,

The final reading on the FT-SE index, at 2083.3, showed a loss of only 0.2 on the day. Market indices were held back by weakness in pharmaceutical stocks, where Fisons, Wellstocas, where risons, wen-come and Glaxo all closed sharply off. Seaq volume was relatively high, at 544.6m shares, against Tuesday's

Equities, described as, "very overbought" by some analysts, must now await next week's Budget Speech. There is also some nervousness ahead of tomorrow's announcement of

buyout in the building sector and any consequent effect on steadied prices at the end of the day.

And any consequent effect on Federal credit policy.

Mr Bond's decision to sell his Lonrho stake was well-received

at first, with the market hop-ing that the sale might herald a major bid contest.
However, second thoughts
prompted suggestions that the
Bond stake might not find buyers at the stipulated price of

385p, or a total £370m.
This cast a cloud over the Lourho share price, and thus raised questions over the possi-ble losses in store for the many speculators in the London mar-ket who followed the Bond interests into Lonrho when the shares rose sharply last year.

by good results from GKN and BM Group where interim prof-its more than doubled to £6.9m.

The price advanced 5 to 448p after 450p. However TI Group weakened 3 to 454p sheed of

finals today.

The listing of Ratcliffes GB was restored after Tuesday's suspension. It opened 50 higher at the 250p agreed bid price from Severn, Mr Michael

Hearn's company.

There was a late rally in Cadbury Schweppes on vague talk that Sir James Goldsmith was going to buy the 18.2 per cent stake held by US group Concern Contents.

General Cinema. However, dealers said the simple expla-

nation for the rise was that the shares look cheap relative to

the sector, and that there could

have been some buying for the dividend (the shares go ex-div on May 21). Cadbury closed 9

better at 353p on turnover of

taking a fresh look at food

retailers now that the salmo

nella/listeria scare has died

down. Citicorp Scrimgeour

Vickers has been a keen buyer of Asda this week following a

visit to the company by senior analyst Mr John Woolman,

who thinks that there is signif-

icant scope for a re-rsting of Asda. "I came back from the

visit believing that the strategy

of moving into centralised dis-tribution should provide signif-

icant benefits to the company," said Mr Woolman, and Asda closed 5 higher at 149%p on impressive turnover of 6.5m

Gateway (166p) is another

Broking houses appear to be

2.1m shares.

FINANCIAL TIMES STOCK INDICES 2 High 91,43 86.18 127.4 (18/4/88) (14/12/88) (9/1/38) 88.39 87.98 1724.4 (8/3/89) 1349.0 1926.2 49.4 (8/2/68) (16/7/87) (28/6/40) 312.5 154.7 734.7 43.5 (7/1/88) (17/2/89) (15/2/83) (25/10/71) 173.5 170.3 Ord. Di. Yield
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P/E Ratio(Net)(x)
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Shares Traded (mi)t 4.37 4.36 4.42 10.76 10.75 10.81 11.51 11.25 11.19 36.423 34.268 33,441 1350.94 1073.87 1442.36 40,344 37,459 37,178 603.2 492.2 586.3 4.46 10.91 11.09 27,421 1089.02 28,690 441.8 Indices Gilt Edged Bergains
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Equity Value 134.0 110.6 rgaine 124.1 122.0 Olpering 010 aus. 011 am. 012 am. 01 pm. 02 pm. 03 pm. 04 pm. 17205 17284 17242 17275 17247 17243 17222 1721.1 DAY'S HIGH 1728.4 DAY'S LOW 1720.6

## Lonrho may free its Bonds

March was always the favourite choice for the grand finale of the Lonrho/Bond Corporation saga, but even the most ardent followers of the situation were stunned by yesterday's episode which may, or may not, end one of the mar-ket's most colourful long-running serials. Bond Corporation and Bell Resources are putting the their entire holding of 96m Lonrho shares up for tender at a minimum price of 385p per

Lourho shares began moving higher from the opening amid speculation that Sir James Goldsmith could really cele-brate his return to the market with an audacious bid for the UK trading conglomerate. Immediately after the Bond news some traders seemed to lose reason and during one mad moment a buyer paid as much as 367p for stock.

Sanity returned when analysts began to search behind the official wording of the announcement for an explana-tion for the sale. One said: This is a hizarre statement; another continued: "Mr Alan Bond's only hope is to find another potential predator and I doubt that he can." Most believed it to be a distress sale forced by the rising costs of financing the holding.

Mr Robert Sassoon of County NatWest WoodMac values Lonrho's net assets at £5 per share. He and several other research, ers have issued "trading buy" recommendations at around the 350p level but they pointed, out yesterday that the failure. of Bond to sell the stake could change this assessment. Activity in Lonrho shares receded the close was only 7 up on the day at 345p after volume of 11m shares.

Superb figures

GKN bowled the market over with a full-year profits jump of 21 per cent to almost £178m. The shares put on 15 in rapid trading but shaded in the afternoon to close 12 higher on the day at 392p. Turnover of 6.7m was boosted by the knowledge that the stock goes ex-dividend on Monday.
"A superb set of results,"

said Mr John Goldschmidt, analyst at Charterhouse Til-ney. The performance of industrial services division was unberaided and will continue to grow at well above the average market rate." He raised his calendar 1989 pre-tax profits forecast from £182m to £203m, and expects a 10 per cent rise

in the share price over the next few weeks. "It is selling on sight times 1939's earnings, which is a 20% discount to the rest of the engineering sector, and the yield is way above

average."
Mr Keith Williams at BZW was only marginally more cau-tious. He raised his forecast from £185m to £200m, but said that earnings per share for the current year would grow in line with the market. He pointed out that more than 7m new shares were issued for the Tokyo listing in December and that more would be issued because, among other things, the company offers shares in lieu of cash as dividend pay-ment. "Buy on weakness" is his recommendation.

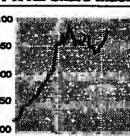
**BICC** also pleases

BICC were easily the best performer in the electricals sector with the shares racing ahead to close 82 higher at 492p; after a turnover of 2.5m, following preliminary results showing pre-tax profits of £150m, well ahead of the most optimistic forecasts of around

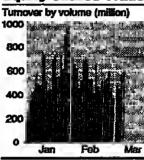
Traders continue to highlight the probable benefits from the Channel Tunnel, especially the newly proposed underground route out of London. Analysts were said to have been impressed with the post-results meeting, and Citi-corp Scrimgeour Vickers are extremely bullish on BICC; the securities house said yester-day's resolts "put the cream on the cake," and upped their profits forecast for the current year to £183m from £174m.

For next year Citicorp is going for £205m. Ms Judy Stew-art at Citicorp puts the asset value of BICC's quoted subsidiaries. Land assets and other, businesses at 590p a share. Agency stocks were undoubtedly the brighest area of the market as events in Bosse Massimi Pollitt (BMP) came to head. BDDP, a private European communications company, wishes to dicuse a merger and is contemplating an offer of around 300p for

each BMP share. BMP chairman, Mr Martin Bosse, described the approach as "Napoleonic" and criticised the Paris-based BDDP for the FT-A All-Share Index



**Equity Shares Traded** Turnover by volume (million)



manner it had conducted and concealed stakebuilding operations over the past few months. BMP shares have risen strongly since the start of the year from 190p to 306p yes-terday, up 20 more on the day. The latest stocks figures issued by the American Petroleum Institute – indicating a build up of energy stocks in the US – upset the crude oil market and triggered a general self-off in the recently buoyant

oil and gas issues. The biggest turnover was seen in the two classes of BP stock which continued top attract buying interest from two top UK securities houses which have highlighted the company's high gearing to crude oil prices. But there was also sizeable selling of the BP issues which subsequently ended the day with falls of around 23 apiece, the "old" at 274%p and the "new" at

169%p. Shell attracted small profittaking, closing 3 off at 396p on 2.3m. Ultramar's figures were described as "uninspiring" by one dealer and the shares were left a couple of pence off at 63p. Burmah continued to

respond to the recent "buy" NEW HIGHS AND LOWS FOR 1988/89

AMERICANO (7) BANKOS (1) TSE Chiannel islands, SPENWERS (6) Allied-Iyona, Burtonecod Briws, Girlingses St. 3p. Cv. Pt. Do. St. pc Cv Ln., Microton Thompson, SULLINESS (10) Chick City, Caroling (W.), STORES (8) Chick Color Cards, Glowar Grp., Tabel & Stribus, Electrocals, Girlings (W.), STORES (8) Chick Court, Chick City, Chick Color, Chick City, Chick Color, Pt. Ext., Fessionals, Rius Grp., SHORESTERIS (25) FOODS (6) Gragge, Machinel March, Mortels, St. March, Mortels, Branches, Bridges (7) Franklings, St. March, Mortels, Branches, Bridges, Bridges, Bridges, Bridges, Bridges, Bridges, Bridges, Chiange, Charles Branches, Bridges, Pridges (3p., Christies Int.), Denty Grp., Charles Int., Denty Grp., Charles, Haghes (H.T.), Hanting Assoc., Jackson

Bourns, Johnson Giesners, Lilieshell, Macfarlerie Grp., Mehville, Nestor-BNA, PCT, Pleifgnam, Schlumberger, Sarco Grp., Searci Grp., Do. "A "NY, Sacraty Sorva, Swallowfield, Whethers Fleeve, BESTRANGE GR Amen. httl. Csp., Hibertian Grampian TVA, LUT, TV-m. Liker TV, Yorkahire TV, MOTORS (2) Western Motor, Volvo, Search Library Co. Bellevines of Parkers (12) PROPERTY (2) SHEPPING (2) Sea Conta., Tipholic, Sciling Angle Amer., De Searc Did., Res. State Co. Angle Amer., De Searc Did., Res. Spit.

SENECY (2) Anglo Amer, De Seors DR., Fee.
Plat.
MERE LOWIS (8).
CAMADIANIS (2) ABM Gold, Geodome Res.,
STORES (2) Pacifica Grp., Soot Shop Int'l.,
FOODS (1) Since Food Grp., Bestimalics:
(1) Barry Sirch, FARESS (1) Kesson, MINESS
(2) Dute Grp., Enterprise Gold.

recommendation issued by James Capel, the shares closed

11 up at 563p.
Grand Metropolitan rose 2 to
546p on turnover of 2.7m
shares after announcing the
disposal of its US restaurant
chain for \$431m and the acquisition of Greece's Metaxa dis-tillery and a 30 per cent stake in the makers of Ouzo.

Wickes, do-it-yourself and building supplies retailing group, pleased the market with a 144 per cent jump in annual profits to £16.3m, and the shares closed 4 firmer at 263p. The building sector was again alive with stories of imminent bid developments but, according to dealers, was looking tired as the session wore. AMEC were one of the so-called "bid targets" and raced up to 463p on talk of an offer from French group Bouygnes, but later slipped back to close a net 3 higher at 453p.

Other candidates, so the sto-ries in the market suggested, were Costain, which raced up to 354p before closing a net 10 firmer at 349p and Tarmec, 3

better at 300p.

Higgs and Hill were among the day's best performers, advancing 22 to 397p after making a handsome profits on its 14.9 per cent stake in Rush and Tompkins which H & H revealed yesterday it had sold on to Singapore Land Group for £7.3m, or 380p, a share. Rush & Tompkins initially seared to 398p on the news but subsequently closed a net 4 up

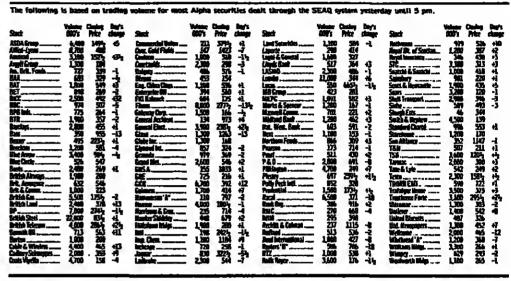
John Maunders Group, the Manchester-based housebuilding group, powered ahead to 124p before ending the day a net 10 higher at 118p; Broker Charterhouse Tilney placed 1.1m shares in the company, the rump of the stake held previously by north western building group Redro, with clients at 105p a share. Maunders' interim figures are expected at the end of the month.

point, before easing to close a net 3% firmer at 152%p on turnover of 3.1m. The late demand was said by dealers to have come in the wake of remarks from one of the compeny's directors in Hanover, West Germany, that the com-pany is moving np market towards more sophisticated computers as its next stage of

Cable & Wireless attracted a table & Wireless attracted a big following amid vague talk that Hong Kong Telecom, where C & W retains a substantial holding, could be about to be granted ADR states.

Profit-taking continued to make a substantial dent in the Racal duo although Racal Telecom rallied to close only a shade off at 308p. Racal Elec-tronic lost 10 to 371p on 4.6m. Engineers were firm helped

### TRADING VOLUME IN MAJOR STOCKS



following their recent poor performance. The market still believes that a West German bid could be in the offing.

Hotels group Mount Char-lotte added 4% at 180%p after announcing annual profits of £31.9m and a one-for-one scrip issue. Mr Peter Hilliar, analyst at BZW, predicts that the com-pany will aim to win more commercial business to boost the quality of earnings.

De La Rue recovered 15 to

3760 in a thin scatter of trad-ing. Talk of moves from Mr Robert Maxwell, who has a 14.9 per cent stake, were dismissed by one dealer who pointed to the stock's rapid decline from 470p after a profits warning last month. "Everyone is heavily oversold," he said.

supermarket group back in favour. County NatWest Wood-Fisons reacted to a recent strong performance and ambiv-Mac has moved the stock on to its "buy" list, and the broker thinks the shares undervalued alent press comment on Tues-

day's final profit figures. Profit-taking in good two-way business took its toll and the shares slipped 13 to 278p. A presentation in London by a US pharmaceutical company RepliGen, which is working on an Aids vaccine, undermined Wellcome, whose main product

lost 12 to 465p. An early buying order in an uncertain market set Unllever climbing. They hit 545p before settling at 542p, up 8 on the

is an Aids treatment. Wellcome

day. Rritish Land featured among slightly weaker Property stocks, the shares climbing 13 to 378p on turnover of 2.4m after Mr David Tunstall, the Smith New Court analyst, raised his net asset value forecast from 500p to 550p-a-share following his visit to the com-peny on Tuesday. He estimates

that profits this year will reach £65m (against £56m last year), and believes there is good growth throughout British Land's property portfolio.

The run up to the Budget next Tuesday apparently kept business to low levels in gen-eral on the traded options market, but British Petroleum, on 5,917 contracts, a little for the more part call, and Lonrho, on also found attention. Overall trading came to no more than 28,024 contracts, including 19,438 calls and 8,586 puts. The index trading amounted to 3,362 contracts, covering 1,614 calls and 1,748 puts.

 Other market statistics, ircluding FT-Actuaries Share Index and London

### **BUSINESS LAW**

## Ansatzsid were well bid up as trading drew to a close. The shares moved up to 155p at one 1677 statute protects DTI from liability for Tin Council debts

By A.H. Hermann, Legal Correspondent

the International Tin Council (ITC) litigation. It advanced the case of the credi-tor banks and brokers, but not so much as to bring repayment of the £900m owed by the insol-vent international body within sight. It has been delivered, after much learned argument, by Mr Justice Evans in the

High Court on February 21.

The judgment is only preliminary, deciding whether the claims of the banks and brokers have sufficient basis in law so that they can be allowed to go to trial - which will then be mainly about the facts to fit be mainly about the facts to fit the law. The action against the Department of Trade and Industry has been staid. The EC and the sovereign states who formed the FTC will, no doubt, argue that they cannot disclose facts without revealing their diplomatic activities and there may be yet another interlocutory judgement about that, going all the way to the House of Lords. The journalist able to report the end of the

saga has probably not yet been If there was any need to show that the mixture of com-mon law and cryptically drafted statutes is inherently uncertain and provides a won-darful comparint for those derful opportunity for those with a sufficiently deep pocket to go on confusing the issues by a plethora of legal argunts, the ITC litigation would

ments, the III mample. Pushing aside the web of law, the issue is of the greatest simplicity. The governments of the tin producing and tin con-suming countries agreed to keep the price of tin within agreed brackets by means of a buffer stock which they under-took to finance. They kept the price sufficiently high to maintain constant overproduction, as the EC does with butter, wine, clive oil and meat. To keep the price above what it would have been on a free market, they had to go on buying and instead of providing funds they took loans from banks and bought on credit from dealers. As they could only sell the stockpile of tin at a much reduced price, it is abundantly clear to everybody that the ITC debt can be repaid only by fur-

nother weighty judg-ment (of 108 pages) forming the ITC authorised the buffer-stock manager to make has been delivered in buffer-stock manager to make further purchases or to take further loans from banks, they must have known that these could be paid only if they pro-vided more money from their own coffers. They did not, and the FFC became insolvent on 20

October 1985. Their present reluctance to pay the ITC's debts shows either that this was always their intention, or at least, that there was no cer-tainty that the money would be made available. In the first case, one could speak of deceit pure and simple, in the second, of recklessness which falls into the same category. In the first round of litiga-

in the first round of lifiga-tion, the creditors thought that it will not be necessary to claim recklessness, fraud, and fraudulent trading, or even negligence. They sued the member states for their obliga-tions under contract. The ITC, tions under contract. The ITC, they argued, was an unlimited partnership. This claim was vehemently rejected by the majority of the Court of Appeal which also held that any obligation of the member states to indemnify the ITC against its liabilities to the brokers and bankers could not be enforced by English courts. This came with the astonishing assertion that international law, under which such obligations are which such obligations are constituted, is not enforceable by the English courts. The Court of Appeal also confirmed that English courts cannot appoint a receiver for the insolvent FTC, and it also rejected the claim that the FTC acted as an agent for the member states. Some of these judg-ments are under appeal to the House of Lords.

After this débacle in the Court of Appeal, the creditors had to reach for stronger arguments. In the case before Mr Justice Evans, the brokers' claim is for damages caused by misrepresentation and fraudulent trading. The brokers have been allowed to proceed to trial claiming recklestness amountclaiming recklessness amount-ing to fraud, but the wider claim of fraudulent trading

was rejected by the judge.
The banks claimed damag for negligence. The judge held that as the relationship was commercial, the governments had no duty of care towards debt can be repaid only by fur-ther money provided by the member governments. The banks' reluctance whenever the governments to offend did not pay off. They

may yet start new proceedings for deceit or recklessness. Whether they do or do not take up this path, the banks, which usually have their way in most things, must feel disappointed. At a time when new company and insolvency legislation makes them responsible as "shadow directors" for debts of insolvent companies over which they exercised decisive influence, the states which exercised not only influence but direct control over the ITC operations, are held not to be liable for its debts.

In their defence, already condemned from the moral point of view by the Court of Appeal, the governments left no stone the governments left no stone unturned. The judge said that "the writs, affidavits and points of claims relied upon by the plaintiffs have been subjected to a degree of textural analysis worthy of a medieval monastery challenged by an ancient manuscript." He dealt only with what he called "the essential allegations".

essential allegations".
One of the crucial questions to which the judge sought an answer was whether there could be a false representation by the governments about their intention and ability to their intention and ability to provide funds. Did the author-isation of a contract or of a loan imply the assurance that it will be repaid? A simple man whose mind had not been improved by the study of law, might think the answer self-evare saying "let me have some money now and I will repay it later". If you wanted tha money without intending to repay, you would be asking for

a gift. However, such simplicity of thought would destroy the Bar quicker than Lord Mackay's Green Paper. The issue was argued with utmost learning, citing innumerable precedents. Counsels for defence argued that there was no implied false representation on the part of the governments as they may have had the means and inten-tion to repay their debts in the early stages of trading. Yet, a similar argument concerning a guest who entered a restaurant believing that his friends would pay for the meal, but stayed after he discovered that they would not, himself having no money, was decided in 1974 by Lord Reid when he said in the House of Lords "A new customer . . . must be held to

make an implied representation that he can, and will, pay before he leaves". The judge accepted this, but he refused to be drawn into developing the law of fraud further to make it applicable to conduct which does not encompass a false representation, but brings the victim into error in another way.

The member states claimed sovereign immunity. The judge decided that their operations were of a commercial nature and that therefore, they could not benefit from sovereign immunity. He also held that there was nothing in the pro-

there was nothing in the proceedings which would be outside the scope of English courts to judge.

One of the most remarkable and disquieting features of the proceedings, was the defence raised by the Department of Trade (DTI) under the ancient Statute of Frauds of 1677, amended in 1828. The "obscure wording" of this Act. said the wording" of this Act, said the judge, gives a defence to any person charged with giving false information as to the credit of any other person unless such information is in writing and signed by the

defendant.
This defence was raised by the DTI only in the last minute with the approval of the Attor-ney-General. The judge must have found it hard to believe because he asked for an affida-vit which was duly sworn by an Assistant Secretary in the Industrial Materials Market Division of the DTI. "Conspicu-ous by its absence from the affidavit, as it was from the Council's submissions," said the judge, "is any expression of concern that the conduct of representatives of Her Majesty's Government should have given rise to allegations of fraudulent conduct or of any indication that these allega-tions have been, or are likely to be, investigated, if not by the courts then by the depart-ment itself. What is said is that the allegations are regarded as misconceived and unjustified and totally rejected. Whether they have been or will be investigated, I do not know. Amalgamated Metal Trading Ltd and Others v Department of Trade and Industry and Others, FT Law Reports 28 Feb 1989 <sup>2</sup> The assumed role of a shadow director, FT Business Law, March 21989

3 DPP v Ray [1974] AC 370,

Dage 379

### **APPOINTMENTS**

### Chairman designate of BBA

Mr Vanni Treves, deputy chairman of BBA GROUP, is to become non-executive chairman on May 4. Mr Treves is senior partner of City solicitors Macfarlanes and a non-executive director of Sastchi & Sastchi. BBA's current chairman, Mr Charles Fenton, will remain on the board as an executive director.

MEEDWOOD HOLDINGS has appointed Mr Bob Jones as group chief executive. He was managing director of The Marley Paving Co.

HYMAN has appointed Mr. Terry Banner as commercial director and Mr Jean-Pierre Billiard as European director. Mr Banner was managing director of the foam manufacturing division of the Harrison & Jones Group. Mr Billiard has been chief executive of the Francel Group since its acquisition, and has controlled the Hyman French and German factories.

My John Collins has been appointed chief executive of KENT INTERNATIONAL managing director of Blackpool (Squires Gate) Airport.

Mr Lionel Stammers has been appointed the first

non-executive director of the QUADRANT GROUP. He is

m Mr Michael Gariand has been appointed marketing director, Mr Simon Frost becomes finance director, and Mr Robert Endershee is made company secretary of BAII.
They remain directors of BAII
Lessing.

TSB GENERAL INSURANCE has appointed Mr Andrew S. Ratcliff as sales and marketing director; Mr James R. Bradfield as general manager, customer services; and Mr Keith Moyle as

■ LADBROKE GROUP has appointed Mr Peter Martin as managing director of Ladbroke City & County Land Company, its retail property development subsidiary. He was property portfolio director at Grosvenor Properties.

Mr Stephen Lewis, who has joined the board of COURTNEY, POPE managing director of Quickwood, recently acquired by Courtney, Pope.

P&P has appointed the following to the board of Personal Computers following its acquisition: P&P group managing director Mr David Southworth becomes chief executive; Mr John Atkin, finance director, Mr Stuart Lakey, sales director; and Mr

Chris Fabesch, operations director. Mr Mike Storland has resigned as chief executive, but remains on the board as integration director. Mr Malcolm Rolfs, non-executive chairman, and Mr Stephen Rapkin, non-executive director, have resigned.

■ NMW COMPUTERS has appointed Mr John Spelding as a non-executive director. Until his retirement last August he was chief executive of Halifax Building Society.

COSTAIN ENGINEERING, Manchester, has appointed Mr Alan Piggott as director of sales and marketing. He was managing director of Fluor Daniel Norge, in Norway.

■ UNIGROUP has appointed Mr Ian Shay as group financial controller from April 1. He was financial controller of Next

Mr Paul Thompson has been appointed group managing director of the REED EXHIBITION COMPANIES, Richmond. He was marketing director of Dylon International.

Mr Edward Weeks, manager of BASF's technical plastics, Cheadle Hulme, has been appointed director of the lastics division from April 1. He is replaced by Mr Michael Field, manager of the paper department.

# HAWKER SIDDELEY has appointed Mr Michael James as sales director of Lister-Petter.



previously managing director of ADVENT, becomes chair-Advent Management Opportu-nities, a new company. Mr Colin Amias has been appointed managing director of Advent. He was investment director. Mr David Cooksey, chairman of Advent, additionally becomes executive vice president of Advent Interna-tional Corporation.

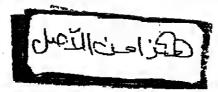
PARRISH STOCKBROKERS has appointed Mr Paul O'Donnell to the board. He was an assistant director.

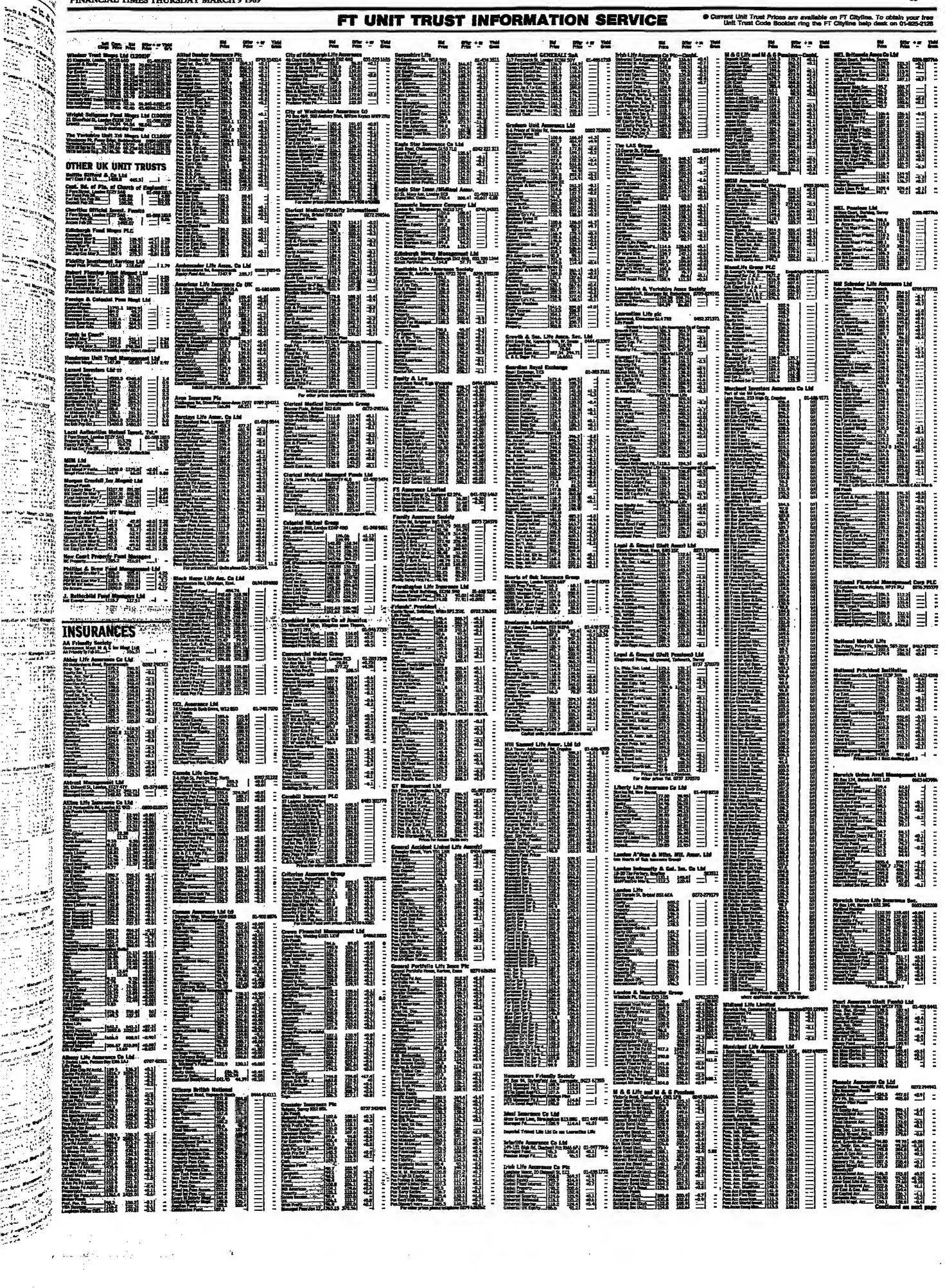
TATE & LYLE has appointed Mr Christian Laur as directeur-general of its new office of Tate & Lyle France, based in Paris. He continues as a vice president of the North American based international sugar organisation, Sugar Industries Technologists.

William Financial Services Ltd (0996)F PS Ser 515 Austin Fritzs, London 512 01-082/511 Aus Fritzs Wildow 31876 2708 181-61-07/2/91



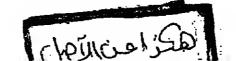
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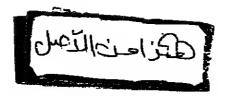
FINANCIAL TIMES THURSDAY MARCH 9 1989 TRUST INFORMATION SERVICE ### Shorts\*\* (Lives up to Five Years)

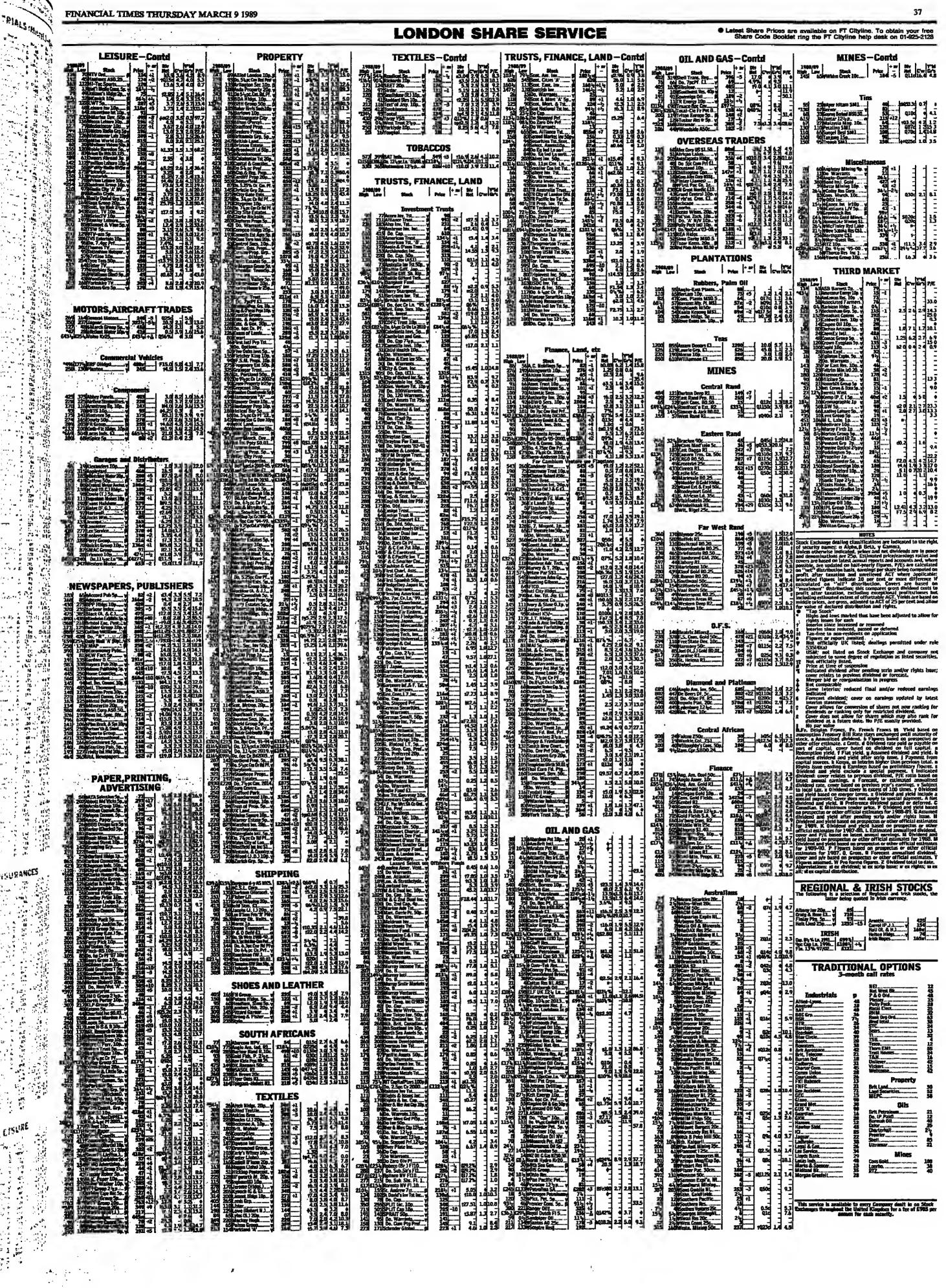
### | Five | LONDON SHARE SERVICE **AMERICANS** Offer + nr Yield Print - Gress +0.57 +0.16 "SRIFTS" ULIVES IND IN 1913 | 983 | 1983 | 1989 | 1985 | 95 5 | 1788 | 38 | 1989 | 1985 | 95 5 | 1788 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 1885 | 188 304 22 Maney theth SL.
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### CURRENCIES, MONEY AND CAPITAL MARKETS

### **FOREIGN EXCHANGES**

## Dollar firm but quiet

HIGH YIELDING currencies were in demand in subdued foreign exchange trading yes-terday. The US dollar and Australian dollar were firm, with sterling generally bolding on to its recent gains. The main exception was the Canadian dollar, which suffered down-ward pressure on economic

worries.

The US dollar was generally quiet, lacking fresh factors, but eventually rose to a level were the US Federal Reserve there was no major economic news, apart from the result of the West German Bundesbank's securities repurchase agreement tender. This produced no strong reaction on the foreign exchanges, after the central bank provided suffi-cient funds to keep interest rates steady in Frankfurt.

The market also shrugged off a Japanese news agency report, attributing comments to an unnamed US official that a slow decline by the dollar will help reduce the US budget deficit. Dealers said there was nothing next in the comment. deficit. Dealers said there was nothing new in the comment from Mr Satoshi Sumita, governor of the Bank of Japan, that proper measures will be taken to insure price stability.

Trading in the Far East was dull, with the dollar holding in a narrow rarge. It closed a litt.

a narrow range, it closed a lit-tle firmer in London at

Mar.S	Lates		Presidus Close
Spot 1 mostle 3 mostles 12 mostles	1.7195-1. 0.48-0. 1.39-1. 3.72-3.	67pm C 36pm 2 65pm 2	210-1,7220 145-0.43pm 24-1,21pm 3.45-3,35pm
		G IND	the US dollar
8.30 am 9.00 am 10.00 am 11.00 am 1.00 pm 2.00 pm		95.7 95.8 95.8 95.8 95.8 95.8 95.8 95.8	95.9 95.9 95.9 95.9 95.9 96.0

		CY RA	
Mar.H	Bank rate %	Special* Drawing Objects	Currency Vest,
Sterling  O.S Dollar  Casselfan S. Austrian Sch. Belgiae Franc. Doulsch Knose  Doulsch Knose  Doulsch Hank Heil, Geltder  French Franc  Japanese Yen Honway Krone  Spanish Peneta  Saedish Krone  Greek Drack  Greek Drack	4	0.761276 1.31046 1.57046 37.1172 50.9834 9.47987 2.43326 2.74667 8.26638 1.787.47 168.092 1.51.686 8.39977 2.07904 204.825	0.6511A5 1.12030 1.34534 14.6221 43.5627 8.10589 2.07927 2.34623 7.06402 1527.19 144.160 7.57207 129.450 7.11891 1.77567 174.968 0.779932

Mar.B	Back of England Index	Georges %
Sterling U.5 Dollar U.5 Dollar Considen Dollar Anstrian Schilling Behgian Franc Danish Krone Ocutsche Mark Swita Franc Guilder French Franc Lira Yen	95.8 67.5 101.4 106.5 103.0 112.7 108.0 110.1 99.1 97.3 150.5	-15.8 -10.8 -13 -47.7 -6.2 -18.5 +17.4 +13.0 -15.4 -20.3 +83.3

OTHE	r curre	NCIES
Mar 8	£	\$
Argentina ** Amstratia Brazil Flotand Greece Hone Kome Home Kome Home KoreatStb Koreat	60,9400. 61,1400 2,1155; 2,1160 1,7125; 1,1722 7,4410. 7,4450 15,425; 13,4546 15,100; 115,455 15,100; 115,455 15,100; 115,455 16,100; 10,100; 10,100 1,7375; 1,7495 4,7375; 1,7495 4,7376; 1,7495 4,7495	35.4000 - 35.500 1.285 - 1.275 4.250 - 4.575 1.24 - 1.573 1.24 - 1.573 1.25 - 1.253 1.25 - 1.253 1.252 - 1.253 1.252 - 2.752 2.1520 - 2.253 2.1520 -
*5e0	ing rate **Free Rate	now quality.

**MONEY MARKETS** 

keep interest rates steady in Frankfurt by adding sufficient liquidity at the latest sale and repurchase tender to offset two

Recent speculation has cen-tred on a higher interest rate structure in West Germany, as

a means of supporting the D-Mark and also to bear down

on the rate of domestic infla-tion. However, the Bundesbank

UK clearing book base landing rate 12 per cent from Revender 25

appears to be unwilling to instigate an interest rate spiral between West Germany and the US, and this was under-

lined by the generous size of yesterday's allocation.

The Bank accepted bids

totaling DM15.5bn, replacing two mainring facilities which totalled DM16.3bn. The net drain of DM800m was regarded

as insignificant. The switch to

a fixed rate tender - the first since January 11 - suggests that a period of stability is uppermost in the authorities' mind.

Commercial banks retain ample reserves with the Bund-esbank. Holdings so far this month have averaged

maturing agreements.

Steadier tone

THE WEST German DM66.8bm which will be useful Bundesbank yesterday in meeting payment of corporeinforced its recent action to rate tax demands later in the

In London, interest rates were harely changed, as traders took a back seat ahead of the UK Budget next Tuesday. The key three-month interbank

rate was quoted at 13½-12½ per cent compared with 13½-12½ per cent, while the 12-month rate finished at 12½-12½ per

Interest rates are expected to

remain within a narrow range in the absence of any key eco-nomic data this week. In addi-

tion, there appears to be little prospect of an early cnt in clearing bank base rates. At

the same time, investors are aware that the authorities are

keen to avoid a further rise in

The Bank of England fore-

cast a shortage of around £100m. Factors affecting the market included bills maturing

m official hands and a take up of Treasury bills, together with repayment of late assistance draining £560m. There was also

a rise in the note circulation of £100m. These were partly offset by Exchequer transactions which added £525m, and banks'

balances brought forward £40m The Bank gave no assistance

in the morning hut on a revised shortage of £50m bought £50m of eligible bank bills in band 1 at 12% per cent.

interest rates.

cent from 1211-1211 per cent.

DM1.8575, compared with DM1.8525 on Tuesday, after a featureless day, but then rose above DM1.8600 in New York on a report that Mr Michael Boskin, a White House economist, said that President Bush's Administration is prepared to discuss a tay increase. pared to discuss a tax increase. This brought the Fed into the

In terms of the yen, the dol-lar closed unchanged in London at Y128.70, but the US curdon at Y128.70, but the US cur-rency rose to SFr1.5865 from SFr1.5820 and to FFr6.3075 from FFr6.2950. On Bank of England figures, the dollar's exchange rate indsx was unchanged at 67.5. Sterling lost ¼ cent to \$1.7200 and declined to Y221.25 from Y221.75, but was firmer

against most European currencies, rising to DM3.1950 from DM3.1900; to SFr2.7300 from SFr2.7250; and to FFr10.8500 from FFr10.8425. According to the Bank of England the

Tio, Dat meeting security
motivated trading. The failure
of the Australian currency to
fall through 80.00 cents has
tall thiough outer bears had
tempted the market to test
upward resistance according to
deline being the Become
dealers, bringing the Reserve
Bank of Australia back into
the market, as a seller of the
currency.
The Canadian dollar proved
to be the weak member, among
the group of high yielding cur-
rencies, prompting interven-
tion by the Bank of England in
London, on behalf of the Bank

unchanged at \$5.8. The Australian dollar

touched 81.50 US cents in vola-tile, but mainly technically

around C\$1.2010.

Pressure on the Canadian dollar followed press reports in Canada that the International Monetary Fund has warned of higher interest rates, and a fall in the value of the local cur-rency, unless Canada reduces its budget deficit by C\$9bn to

EMS EUROPEAN CURRENCY UNIT RATES							
	Ecu cestral rates	Ourrency amounts against Eco Mar &	% change from central rate	% change adjusted for distributed	Cheryest Hask %		
Belgian Franc Danish Krone Gerwan D-Mark French Franc Dutch Guilder Irish Pint Istalian Lira	42.4582 7.85212 2.05853 6.90403 2.31943 0.768411 1483.56	43.5627 8.10569 2.07927 7.06402 2.34623 0.779932 1527.19	+2.60 +3.23 +1.01 +2.32 +2.16 +1.50 +2.94	たうささだよ 部分をからない	±1.5444 ±1.5404 ±1.0981 ±1.3674 ±1.5012 ±1.6484 ±4.0752		

Ment calculat	ed by Flancial	the charge genotes a s Times.	Contract of
OUND	SPOT-	FORWARD	AGAINST

Methorhands   3.59 - 3.61 t	Mar.8	Duy's spread	Close	One stouth	94 0.0	Three monkles	% p.e.
Settantand. 2714-2735 2725-2735 15-15-15-15 6.57 44-45-10 6.5	Carrada licither hands Belgiom Denotaris reland W. Gertousy Portugal Spein taly former former hands	20640 - 2.0710 3.59 - 3.61 \ 66.65 - 67.05 12.41 \ 12.45 \ 1.1930 - 1.1930 3.18 - 3.19\ 2.200 - 23.65 196.35 - 199.20 2337\ 2383\ 11.61 \ 11.68\ 10.89\ 10.95\ 209\ 222\ 224\ 222\	20665 - 20675 3.60% - 3.61% 66.80 - 66.90 12.44% - 12.45% 1.1970 - 1.1980 3.19% - 3.19% 52.50 - 23.50 190.75 - 199.05 124.5% - 23.45% 11.67% - 11.65% 10.85% 10.95% - 22.45%	0.26-0.13cpm 13-13cpm 29-24cpm 54-43cppm 0.54-0.40cpm 14-13cpm 34-25cpm 2-13crepm 2-13cpm 14-13cpm 14-13cpm 14-13cpm 14-13cpm 14-13cpm 12-11cpm 12-11cpm	113 675 474 511 681 172 681 172 186 199 199 199 199	0.59-0.416m 51-55-0.00 62-75-00 144-149-0 149-15-0-15-0-15-0-15-0-15-0-15-0-15-0-15-	2.8 0.9 6.0 4.77 4.6 4.8 4.8 4.6 4.8 0.5 1.8 1.8 8.2 6.9

Mar.B	Day's spread	Clase	Que Asseth	F.	Three stantis	% 91
0	17175-17255	1.7195 1.7205	0.44-0.41cm	297	1,24-1,20pm	21
treet	1,4355-1,4400	14375 - 14385	0.31-0.36offs	-2.50	0.83-0.9344	-24
·····	1.1970 - 1.2020	1.2010 - 1.2020	0.16-Q.21cds	-155	0.53-0.60ds	-11
thertands.	2.0860 - 2.0960	2.0970 - 2.0980	0.59-0.56cpm	3.30	1.69-1.65ms	3.1
1900m	38.70 - 38.90	38.80 - 38.90	6.00-5.50cpm	1.78	19.00-16.00pm	1.0
mark	7.2015 - 7.2414	7.234 - 7.244	1.35-1.10orepun	204	3.45-3.25pm	11
Per mont	1.8485 - 1.8580	1.8570 - 1.8580	0.61-0.59ppm	3.88	169165	3.0
togal	1524 - 1534	1521 - 153	20-40cds	-2.36	70-1206K	-2
		111.55 - 115.65	9-13cdh	-1.14	53-59de	-2
7	1358-1364	1363 - 1364	2.40-2.900 reds	-234	8.00-8.70dx	-0
			0.60-0.55000	110	1.81.4800	
eden	6.28 - 6.31	6.30½ · 6.31 6.35¼ · 6.35¾	0.50-0.65creds	.1.09	1.00 1.80 %	-1
		128.65 128.75	0.59-0.57cm	5.41	176 17300	- E
stria	13.01-13.051		3.90-3.50mm	3.41	11.50-10.30	3
tertand.	15780 13870	1.5860 1.5870	0.57-0.55000	4.24	1651620	4
IK and irek Hyldani cor	rency. Belgian rate i	percent, Forward pro-	rations and discount ics. Financial frame	31.70	the US dollar and 9.00.	mi to

Mar R	Shart term	7 Days	()ne Month	Tiret Months	Site Months	Ass.
Starting  IS Outlar  In Outlar  In Outlar  Out	12-12-12-12-12-12-12-12-12-12-12-12-12-1	121-122 94-93 118-114 64-64 54-54 54-54 54-54 121-114 84-6 121-114 84-6 74-74 94-96	12-12-12-12-12-12-12-12-12-12-12-12-12-1	1911 19 19 19 19 19 19 19 19 19 19 19 19	1917 0 8 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	124 121 114 116 124 124 124 124 124 124 124 124 124 124 124 124 124

Arm 22/63 **	14-34	A65-A67	48-48	104-10	ma-ma	TOS-1090
Lung term Excelor reot; fire years 192-10 days' notice.	P bet cent in pac and here:	103-104 per miral. Short w	cest, three year or raids and ca	101-101 pe	r cost; four year and Japanese	You others two
MA BROKE						

						)\$ <b>5</b> 1				_
Mar.8	£	\$	DM	Yen	FR.	SFE	N FL	Ura	C \$	O Tr.
š	1 0.581	1.720 1	냈었	221.3 128.7	10.25 6.308	2730 1587	3.608 2.095	2346 1364	2.067 1.202	38.82
DM YEN	0.333 4.519	0.538 7.772	14.44	69.25 1000.	3.5% 49.03	0.854 12.34	1630	734.3 10601	0.647 9.340	20.92 302
F Fr. S Fr.	0.92Z 11.366	1.585 0.630	2.945 1.170	204,0 61.06	10. 3.974	2516 1	證	2162 859.3	198	61.63 24.47
H FI. Ura	0.277 0.426	0.477 0.733	0.886 1.362	61.34 61.34	3.007 4.625	0.757 1.164	1238	650.2 1000.	0.573 0.661	13.55 23.5
C S O Fr	0.484	0.832 2.573	1.546	1071	5.249	1.004	1.746 5.397	號	3.092	200 100

Short sterling futures showed a slight improvement on the day in Liffe trading, but finished well down from the day's highs. Prices were marked up initially on the pound's steady to firmer tone. However, there was very little follow-through demand and after touching a demand, and after touching a high of 87.25 in the June contract, the price fell away to 87.18 at the close, compared

of Canada, selling US dollars at

LONDON (LIFFE)

Estimated Valume 11224 (20808) Provious day's open int., 23233 (229

Estimated Volume 429 (667) Provious day's open let, 594 (632)

Estimated Values 2152 (4498) Profess day's open Inc., 26278 (23628)

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6 conths 65 Dollars

Treasury Bills and Bonds

Three Months

FT LONDON INTERBANK FIXING

The fixing rates are the arithmetic mount rounded to the asserts operationally of the last and offered rates for \$100 exorted by the market in five reference banks at \$1,000 a.m. each working the The kanks are Rational Westminston State, Bank of Tolyo, Genticher Bank, Bank of Peris and Marryon Goodstrap Treat.

**MONEY RATES** 

LONDON MONEY RATES

124

125

Treasury Bills (sell); one-month 1212 per cent; three months 12.2, per cent; Bank Bills (sell); one-month 1212 per cent; three months 12.3, per cent; three months 12.3, per cent; Treasury Bills; Ascrage Lender rate of decount 12.472 a.c. EUSD Fluct Rate Sterling Euper Finance. Make on day February 28, 1999, Scheme 11.3,040, p.c. Scheme; 18, 1999, p.c. Reference rate for period February 21, 1999, Scheme 11.3,040, p.c. Local Anthority and Finance Houses Seven day? Finance Houses Bate Rate 13.9 from March 1, 1999; Bank Deposh Rates for sums at seven days indice, due on cent. Certificates of Tax Deposh (Spries 6), Deposh 5, Deposh Rates for sums at seven days indice 4 per cent. Certificates of Tax Deposh (Spries 6), Deposh 5, Deposh 6, Depo

One Most)

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(11.00 a.m. Mar.8) 3 months US dellars

NEW YORK

Mar.B

offer 104

pound's in	dex wa	s also	\$20bn.						
EMS EUROPEAN CURRENCY UNIT RATES									
	Ecu central rates	Currency amounts applied. Eco Mar.8	% change from central rate	% charge adjusted for distripute	Cheryente Hask %				
Belgian Frant Danish Krone cewan D-Mark French Franc rish Punt	42.4582 7.85212 2.05853 6.90403 2.31943 0.768411 1483.58	43.5627 8.10589 2.07927 7.06402 2.34623 0.779932 1527.19	+2.60 +3.23 +1.01 +2.32 +2.16 +1.50 +2.94	+1.16 +1.16 +1.04 +0.07 +0.09 +1.08	±15044 ±15404 ±10981 ±13674 ±15012 ±16484 ±440752				

	 	 - 1	 	 _
Changes are for Ecu, therefore positive change denotes a weak Curren				

Mar.8	Duy's spread	Close	One month	94	Three months	% p.e.
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Mar.fl	Day's spread	Clase	Que Asseth	7.	Three stauntis	91
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tent	1,4355-1,4400	1.4375 - 1.4385	0.31-0.36095	-2.50	0.83-0.9344	-24
	1 1970 - 1 2020	1.2010 - 1.2020	0.16-0.21cm	-120	0.53-0.6044	-11
thertands.	2.0860 - 2.0960	2,0970 - 2,0960	0.59-0.56cpm	3.30	1.69-1.65ms	3.1
ـــــ سىلوا	38.70 - 38.90	38.80 - 38.90	6.00-5.50cm	1.78	19.00-16.00pm	1.0
ma) t	7.2013 - 7.2414	7.234 - 7.244	1.35-1.10orepu	204	3.45-3.25pm	14
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·	1358-1364	1363 - 1364	2.40-2.90hreds	-2.34	8.00-8.70dx	-24
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	D	CHA	NGE	CRC	)\$ <b>5</b> 1	RATE	5			Estimated Volume 4361 (7139) Previous day's open let, 5940 (5836)
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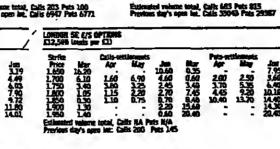
### **FINANCIAL FUTURES**

## Short sterling below its best

with 87.13 at the opening and 87.15 on Tuesday. The absence of any fresh buying encouraged investors to take profits.

The June price is regarded as being a little expensive, as it still all but discounts a quarter point reduction in base price. point reduction in base rates. West German Government

bond futures also fell away after a stronger start. The softer tone came despite moves **多时间的发生中** 153450年551



by the Bundesbank to dispel fears of a credit tightening and

higher interest rates. Profittaking accounted for some of the retreat from the day's

US Treasury bonds were vir-tually unchanged for most of the day as investors held back ahead of the release of US Feb-

roary employment data tomor-

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Because of technical problems at source, the European

Traded Options table was not available for this edition.

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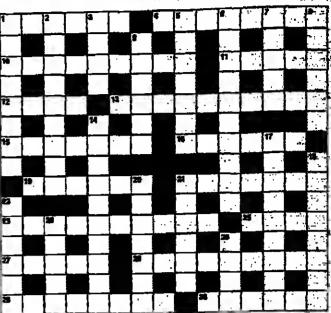
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1 Subtle way to acquire new

tenant (6) 4 Can't contain cry of pain lying down on arms (8)

10 Album for the autumn? (5-4)

11 Rare trees clipped (5)

12 Canteen jam? (4)

13 Cats-cradis? (3,7)

15 Old bull set out to be the most effective (7) 16 Synopsis of laws to endure 19 Number of eggs in 27? (6) 21 Mountain wine or the chain-

it comes from (7) 28 Grindstone turning faster. and faster (10)
25 Position for little Mark.

27 Understand the compass? (5) 28 Revolting attack (9) 29 Paperback article for the bar interval (8) 30 What Don might wear for the dance (6)

 Allments breaking out in this feature of Siberia (4-4)
 Volume's high? Stand in station (9)

3 What is the point of funcing?

Get rid of rotten consignment (3-4)

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8 T.S. Eliot, twice abridged can be fly (6) 3 Order Thebes to be laid waste (8)

16 Where many races mix, relaxing on grass? (7-3)

17 One who likes to see Chinese things lie in shop, to be ordered (9)

18 Not much energy for the Combridge of the Cambridge examination (6,2) Injunction to striking gar-

dener dance! (7)
21 Create rules of law if bald
by Buffalo Bill (6)
22 Customs take starters off bangers (6) 24 True male dominion (5)

26 A French from is unfamiliar in Scotland (4) Solution to Passle No.8,879 

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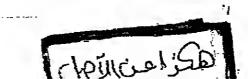
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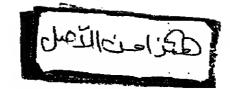
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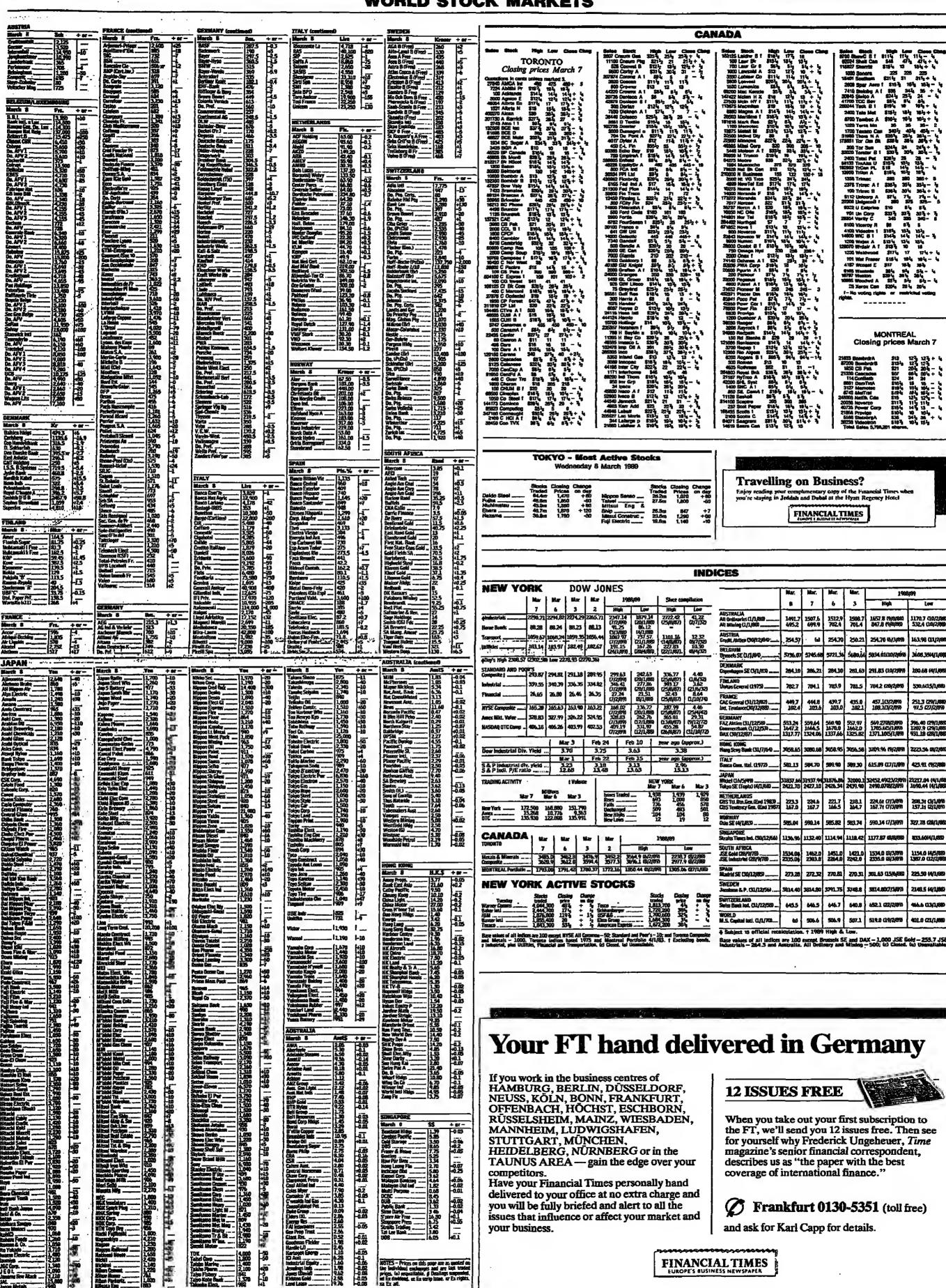
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EUROPE'S BUSINESS NEWSPAPER

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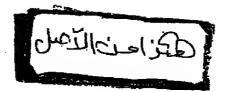
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FINANCIAL TIMES

Showa Denko

Share price (Yen)

950 ::

1100

Jan 1989

broker comment and risen 250

to 300p in the past fortnight.
Such apeculative interest
may be premature. The geo-

graphical distribution of such

companies makes them unsuitable as takeover targets, says ous analyst. Their smallness makes them sensitive to mishaps; Leigh Interests, a waste collection and disposal group, was fined in January for break-

ing pollution laws and has reg-istered a rise of less than 6 per

cent in its share price since. "If US-style daily fines were intro-duced for polluters, small com-

panies would be hit hard," said

## Dollar's strength inspires Dow rally after dull start

### Wail Street

An early afternoon surge in stock prices on Wall Street saw the Dow Jones Industrial Average up by more than 20 points in moderate trading after a dull start to the day, writes Karen Zagor in New York.

At 2pm the Dow Joues Indstrial Average was up 18.58 at 2,309.29. Volume on the New York Stock Exchange was fairly heavy with 119.78m abares changing bands. Advances led declines by a

ratio of about eight to five.

Market-watchers attributed the stock market rally to the unexpected strength of the dollar and an upturn in bond prices. However trading on both markets was moderate as investors and traders remained

of employment figures.

In morning trading in the US debt market treasury bonds were quoted as much as a of a point lower but by early afternoon the Treasury's bench-mark 30-year long bond was up & at 97% and yielding 9.07 per

In the New York foreign exchange market, the dollar started the day on a soft note in dull trading. However an announcement by Mr Robert cial aircraft announced it

would borrow up to 670 produc-Heller, Federal Reserve Board Governor, saying that a reduction in Japanese and West German trade surpluses was nec-essary to adjust global trade imbalances caused the dollar to firm. Dealers also said the Fed had sold dollars for D-Marks.

After Tuesday's jump of \$9, shares in Time Inc fell \$% to \$116%. There was news that shareholders had filed a class action to block Time's pro-posed merger with Warner. Shares in Warner were lower for the first time this week at \$48%, a decline of \$%. Warner was again one of the most active issues on the New York

Stock Exchange.
Texas Air rose \$% to \$12% amid prospects that its Eastern Airlines subsidiary would file under Chapter 11 of the bankruptcy code. An adviser to Eastern's machinists union said he had approached Mr Carl Icahn, chairman of TWA, as a potential buyer for the strike-bound airline.

Among the other large US airlines, Pan Am was unchanged at \$4% and Delta Air was up \$% to \$56. AMR, the parent of American Airlines, rose \$% to \$58.

Boeing fell \$% to \$65. The

tion workers from Lockheed. Shares in Lockheed were down

Shares in Lockneed were down \$% at \$48%.

Rohr, the jet engine company, jumped \$2% to \$36% amid rumours of a possible takeover by General Electric or Hercules. A spokesman for Rohr said the company had no appropries to make and announcements to make and would not comment ou the takeover rumours. General Electric was up \$% at \$45%. Hercules gained \$% to \$47%.

A number of oil-service stocks declined after a strong stocks declined after a strong start to the week. Schlumber-ger fell \$% to \$38%. Baker Hughes was down \$% at \$17%. Halliburton lost \$% to \$31. Among blue chips, Philip Morris surged \$3% to \$114%. IBM posted its first gains of the week to \$120%, up \$1/2. General Motors rose \$1/4 to \$85%.

### Canada

A SHARP rise by gold and energy shares drove Toronto higher by midsession. The composite index rose 17.0 to 3.637.9 as advancing issues led declining ones by 292 to 231 on light volume of 9.8m shares in the gold sector, Placer Dome gained C\$% to C\$16%.

## **Bourses look for direction** from across the Atlantic

yesterday as the focus switched to the latest US jobs figures, due tomorrow, in the absence of local developments, writes Our Markets Staff.

FRANKFURT pursued Tuesday's losses as profit taking off-set further positive news on interest rates. The Bundesbank announced a securities repurchase allocation of DM15.5bn, slightly more than expected, which reinforced the belief that the central bank would not tighten the monetary screw in the short term.

However, worries spread in the market about the possibility of a Social Democrat-Green ry of a Social Denkota trees coalition winning the city of Frankfurt in Sunday's Hesse elections, and this, coupled with the approach of tomordampened buying interest. The Hesse municipal polls are regarded as a barometer for next year's federal elections and some analysts believe they could weigh on the market for

the rest of the week.
"Nobody wants to take the first step at the moment," said one analyst. The bond market's weakness was another dampening factor for equities.
In thin turnover worth
DM2.4bn, the FAZ index lost

6.4 to 553.24 and the DAX was down 6.29 at 1.317.77. VW edged up 50 pfg to

DM339 after denying rumours that it planned a capital increase. Daimler was off DM5

Deutsche Bank fell DM3.40 to DM509.80. It expects to make a full takeover bid in the next few days for Banco Comercial Transatlantico of Barcelona, in which it has a 39.05 per cent stake. The German bank is also selling its 23 per cent stake in New York based European American Bancorp to Amro of the Netherlands.

The market was unimpressed by retailer Asko's announcement that group net

NATIONAL AND

Austria (18)

1988, with the share price up just DM1 at DM749.

PARIS chose to look across the Atlantic for direction, given a general lack of domestic news, and lost ground amid cautiousness before tomorrow's release of US employment figures.

Volumes were low again, exaggerating price movements. One analyst said: "There's no real desire to buy in the current nervous surroundings...The market's very attached to Wall Street at the

Wall Street's opening firm-ness yesterday in fact aided late sentiment, helping to reduce losses, and the CAC 40 index finished 9.67 lower at 1,607.37 while the OMF 50

Insurance group Midi dropped FFr7 to FFr1.643, with the market hearing that chair-man Mr Bernard Pagezy had resigned as expected. Rhone Poulenc, the chemicals group, reported 47 per cent higher annual profits and its investment certificates eased FFr1 to

ZURICH saw some late bargain-huiting, but not enough to pull the bourse back into the black, and the Crédit Suisse index eased 1.4 to 551.0. The wait for the US employment figures was partly to blame for the negative tone

Insurance stocks were in demand on expectations of good results, with Zurich Insurance bearers up SFr65 at

In banks, Bank Leu rose against the trend amid speculation of a possible takeover, although such an eventuality

### **SOUTH AFRICA**

LED by gold shares, Johannesburg continued to rise, with the Industrial index adding 32 to a record 2,335.

TUESDAY MARCH 7 1989

Poun. Sterling Index

Day's Change

133.59 133.63

142.73

was seen as unlikely given last autumn's sizeable private share placement with friendly shareholders. Leu bearers rose SFr145 to SFr100.

AMSTERDAM had a quiet day after Tuesday's enthusias-tic rise, which one analyst described as a bit of an overreaction. The CBS tendency index shed 0.7 to 167 in trading volume worth about F1 500m. A weaker bond market, concern over the imminent US jobs fig-ures and a lack of news

Publisher VNU stood out with a Fl 2 gain to Fl 9230 on its higher profits, while Oce van der Grinten, the office equipment maker, was off Fl 2 at Fl 300 after publishing its

annual accounts.

Aircraft producer Fokker fell
a further FI 1.40 to F1 37.10 on profit-taking, Amro Bank edged up 50 pfg to Fl 80.70 before news it was buying Deutsche Bank's stake in Euro-

pean American Bancorp.

MILAN remained in the doldruns, with investors sceptical about government progress in achieving hefty spending cuts. The Comit index shed 3.57 to 581.13 in thin volume worth around L100bn.

Ifil, the Agnelli family financial investment company, shed L80 to L4,070 before rising to L4,150 after hours following Tuesday's news that Daiwa Europe was taking a 3 per cent

MADRID maintained its upward momentum, with the general index adding 0.96 to 273.28. Cement maker Asland rose another 12 points to 1.079

per cent of par. STOCKHOLM reached its third consecutive high in busy trading, with the Affarsvärlden index rising 2.7 to 1,112.2. Volvo free B shares rose SKr? to SKr468, after Tuesday's positive results news, on turnover worth SKr50m, representing 12 per cent of total market vol-

LIS Dollar Index

# Green theme takes root in Japan and UK

FT writers find environmental protection is feeding through into share price gains

HE GREEN theme has been attracting keen interest this year in stock markets such as London and Tokyo where it is still something of a novelty.

Many companies involved in cleaning up the environment or finding substitutes for the chlorofluorocarbons (CFCs) that are blamed for the deple-tion of the ozone layer have seen their share prices soar in recent weeks. But pollntion control has

been an issue for much longer in other countries; investors in markets such as the US and West Germany are showing far less excitement about such companies' growth potential. The London market was surprised by the UK Government's recent esponsal of environmental policies. Investors have been hunting for specialists in waste disposal, water purification and the manufacture of alternatives to CFCs, and several stocks have registered

sharp rises.
Elga, a water purification company, is a star performer.
Its shares jumped from 49 pence to 70p last week and have held on to a 38 per cent rise over the month. Another City favourite has

been Rechem Environmental Services, toric waste specialist, with a near 20 per cent rise to 46p in the last month. Beaverco, a company on the Unlisted Securities Market which says it is the only West European foam maker not to use CFCs, has also had bullish

will be those companies with

the analyst.

Larger chemicals companies, such as ICI and Cookson Group, have yet to see share values affected. Prices could go either way and marketing opportunities may balance increased costs. "The winners

Mr Ian Moore, an analyst with Robert Fleming Securities. Some of the higgest groups are also absent from the pollution theme in Japan, where brokers and investors have seized on the story as a wel-come alternative to worries

about interest rate rises.

Makers of CFCs will actually face a slight decline in sales before they can start delivering substitutes, says Ms Barbara Shimer of Schroder Securities in Tokyo, because reductions in CFCs will start as soon as July, in line with the Montreal Protocol Investors, however,

are used for this purpose.
Showa Denko has developed a recycling system for one such cleaning agent, CFC 113, and is already supplying a substitute for CFC 134A, which is used as a reference the stock.

Y1,050 yesterday. Machinery makers Daikin Industries and Iwatani Interna-

nimble managements," says

have not been discouraged.

Asahi Glass, a leader among Asam Glass, a leader among companies developing substitutes for CFCs used as cleaning agents for machinery parts, has seen its share price surge from Y1,640 on January 5 to Y2,120 yesterday. About half of the CFCs consumed in Japan are used for this purpose.

used as a refrigerant. Its stock has surged 57 per cent from Y670 at the start of the year to

tional have attracted buying because of their development of equipment to recycle CFC 113 that has leaked into the air. Daikin Industries has risen from Y715 to Y1,260 this year, while Iwatani has advanced

Elga Group Share price (pence)

1989 Mar from Y460 to Y1,090.

However, Mr Misao Maehara of Nikko Securities says the CFC story "doesn't have the strength to pull the market up as a whole." To become a leading theme, large capitalisation stocks such as Mitsuhishi Heavy Industries, the main producer of pollution control machinery, would have to be producer of politician control machinery, would have to be included. Mitsubishi Heavy has climbed 15 per cent this year to Y1,150, but this is because of

its defence interests The environment is an old story for Wall Street, and investors have long since iden-tified winners and losers. Among the obvious beneficiaries are the clean-up compa-nies, which have prospered because of a continuing crisis in garbage disposal.

Waste Management, the larg-

est, climbed from \$3 in 1980 to \$31.50 in 1988. Wellman, the biggest recycler of plastics, has nearly doubled in price to \$21.50 since it went public in 1987. But stock performance in the sector has not been out of the ordinary this year. "There's nothing saxy in pollu-tion control at the moment."

said one analyst.

Even shares in the US insur-

Even shares in the US insur-ance companies, which seemed most illely to bear the brunt of the cost of clearing up indus-trial pollution, have been largely untouched.

In Europe, individual stocks have been highlighted in recent weeks on the environ-ment theme, especially those in the capital goods sector with activities in water and air cleaning. Names include Deutsche Babcock, the West German engineering group, Deutsche Babcock, the West German engineering group, Bilfinger & Berger, the German construction company, RWE, the utility, and Asea Brown Boveri, the Swedish-Swiss engi-neering group.

But there appear to be few purely environmental plays at the moment, according to

European analysts. Capital goods stocks have been benefiting in large part from the maturity of the economic cycle, and the green theme has been an issue in areas such as Germany and Scandinavia for years aiready. Nevertheless, prospects look rosy. As one salesman said: "It's considered to be a major source of business in the future." Reports by Daniel Green, Michiyo Nakamoto, Karen

## ASIA PACIFIC Caution over high prices drags Nikkei down

### Tokyo

TRADING began on a spirited note as buying picked up, but note as buying picked up, but caution won ont and share prices closed lower, writes Michiyo Nakamoto in Tokyo.

Stock prices climbed steadily in early trading, with the Nikkei average up 135.30 at the morning close. But higher wrices and the arrest of a forprices and the arrest of a for-mer Deputy Labour Minister in connection with the Recruit scandal made investors wary.

The Nikkei average closed down 100.28 at 31,837.66. The day's high was 32,119.15 and the low 31,806.54, and declining issues outnumbered those that advanced by 458 to 413. Volume at 1.19bn shares was somewhat higher than

Tuesday's 1.03bn.
The Topix index of all listed shares fell 5.32 to 2,421.78 and in later trading in London the ISE/Nikkei index rose 6.32 to 1.931.87.

Investors had been encouraged by the market's resilience on Tuesday, but institutional investors became cautious because of the strength of share prices and the latest Recruit arrest.

"There is no interest now it buying at high levels," said Mr Hiroshi Taguchi at Nomura Securities. Institutional investors who are ready to settle their accounts have no need to risk buying at high prices, and reduced activity on their part can easily lead to a drop of 100 points, he added.

Under the present circum-stances, with interest rate rises still threatening and domestic political worries likely to grow, investors prefer incentive backed issues with quick price movements, such as issues related to environment protecreighed to environment proces-tion. Ebara, the maker of pumps and air blowers, surged Y220 to a record high of Y1,970 during the day. It finished up Y120 at Y1,870 in heavy trad-ing. The company has been

1988/89 Low

ago (approx)

1988/89 High

Corrency Index

136,10 122,96 123,51 103,88

attracting attention for its anti-pollution technology and is expected to improve profits and sales when it enters the and sales when it emers the gas turbine market through a tie-up with a US company. Nippon Sanso, Japan's larg-est oxygen manufacturer, rose

1460 to Y1,070 in heavy trading. It was selected for its development of a substitute gas for CFCs as well as for its

advances in superconductivity.

Issues related to new government spending projects strengthened. The completion of a blueprint to build an underground non-gravity facility - to replicate the environment of outer space -

attracted attention to Mitsui Construction, which has developed such a facility already.
Mitsui Construction gained

Y90 to Y1,290 in heavy trading. Environmental issues dominated in Osaka, where the OSE average gained 25.42 to 30,187.30. Volume at 130.1m shares improved on Tuesday's

### Roundup

A LACK of direction from over-sens led to lackinstre trading in Asia Pacific markets. AUSTRALIA was hit by institutional selling, thought to be mainly from abroad, which

sent the All Ordinaties index below the 1,500 level to close 15.9 lower at 1,491.7. Turnover was the highest for two weeks at 138m shares worth A\$229.5m, thanks to a special sale of QCT Resources hares. The 10 per cent stake in

the coal producer was believed to have been bought by energy group Santos, raising its hold-ing in QCT to 19.75 per cent, said brokers BZW Meares. HONG KONG drifted lower in the absence of institutional interest. The Hang Seng index dropped 22.03 to 3,058.65 in vol-

cents to HK33.225 after trading resumed in the wake of its share placement on Tuesday. SINGAPORE had a cautious session, with no direction from overseas, but managed to pick up a bit of ground on late demand for hims chips. The Straits Times industrial index edged up 4.52 to 1,136.96 and turnover eased to 44m shares from 61m. Individual banking stocks

were firm after excellent results from DBS Bank, which rose 20 cents to \$\$8.65. SOUTH KOREA had a bullume of HK\$1.19bn, slightly below Tuesday's HK\$1.21bn. Chinese Estates eased 10 high of 988.42.

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Swetzerland (57)

United Kingdom (314)

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